Where Does the GOP Go From Here?

california JOURNAL

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California's new economy comes of age

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california JOURNAL

February 2001
Volume XXXII, Number 2

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S.O.S. for the GOP

By any measure, the Republican Party in California is in decline. Party registration has slipped to its lowest level in more than a decade and only one GOP elected official holds a statewide office. Last November's election, when Republicans lost four House seats, was the party's worst showing in years.

Is this predicament merely an expression of a recurring political cycle in which the major parties take turns at holding the reins of power? Could the GOP's ailments be cured by an exceptional candidate, "another Reagan," as Republicans wistfully hope? Or has the decline become so systemic that the party is beyond recovery in the foreseeable future?

In an in-depth look at what's ailing the Republican Party in California, veteran journalist Lou Cannon and State Net Editor-in-chief A.G. Block examine the causes of the GOP's malaise and the prospects for a comeback.

The New Economy comes of age in the Capitol

As high-tech stumbles in the stock market, the Legislature gears up to help Silicon Valley through its growing pains.
By Emelyn Rodriguez

Cybercities

From the most high-tech jobs to the largest number of home computer users, California leads the pack of cybercities.
By CJ staff

E-taxes: Is California losing out?

While other states have banded together, Governor Davis has taken a hands-off approach to e-commerce taxes. Is he shortchanging the state?
By Kathleen Les

Can the Grand Old Party survive?

Down on its electoral luck, the Republican Party appears to be teetering on the brink of extinction. What will it take to revive the ailing elephant?
By Lou Cannon and A.G. Block

Words of wisdom

Two years ago, they were legislative rookies sharing their expectations with *CJ* readers. Today, they're Assembly veterans sharing the lessons learned during their first term.

Assemblywoman Charlene Zettel says in a term-limited Legislature, easing into office is no longer an option.

Assemblyman Darrell Steinberg advises newcomers to focus on priorities.

Cover design by Dagmar Thompson

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umbrage

State of the Stammer: Contrary to what you might have thought, Governor Gray Davis was not trying to impersonate Howard Stern's sidekick Stuttering John during last month's State of the State speech. But given how ineloquently Davis delivered the annual address, it was easy to wonder if something was amiss with the guv or his TelePrompter. Technical difficulties were not to blame, however, according to one administration official, who didn't offer any explanation for Davis' stumbling delivery. With everyone from utility executives to Wall Street analysts paying rapt attention to the speech because of the deregulation fiasco, it's easy to assume Davis had an acute case of the jitters — especially if he'd just read his new poll numbers in the *Los Angeles Times*. In one year, Davis' popularity rating has plummeted from a lofty 67 percent to a potentially vulnerable 51 percent, mostly because of dereg. If his numbers don't bounce back up, Davis' re- election bid may be in for a real jolt.

March on, March: More than 30 years ago, she broke barriers as the first Asian American to win an Assembly seat, and the first to win a statewide post. Now, March Fong Eu may be at it again, becoming perhaps

the oldest candidate to ever run for statewide office. And her old office, to boot. After 20 years as California's Secretary of State, Eu — at 78 — is poised to run again in 2002 for the job she voluntarily left seven years ago when she became ambassador to Micronesia. She intends to announce her candidacy in March. Tony Miller, Eu's former deputy and now her campaign manager, said the "Florida fiasco clearly motivated" her to run. Eu has already been sounding Secretary of State-ish, calling on California to abandon its 1960s-era punchcard voting system, used in 33 counties, and switch to computerized touchscreen voting. Eu has essentially spent the last five years in retirement, staying active in party politics and dabbling in painting – a recent exhibition of her works was held at California State University, Sacramento. Though Eu will be 80 in November 2002, Miller said he's contemplated having her skydive from an airplane to prove her youthful attitude and fitness. "We'll make it an asset," said Miller, of Eu's age. So far, the only Democrats mentioned as possible opponents in the March 2002 primary have been state Senator Steve Peace (D-El Cajon), who may have already been terminally tarnished as the champion of energy dereg, and Steve Westly, the big-bucks co-founder of eBay, the Internet auction site.

Bosom Buddies: Don't expect any chummy photo-ops between Sacramento-area Assembly Republicans Anthony Pescetti and Dave Cox, or San Diego's Charlene Zettel and Jay La Suer. In both cases, relations have taken on a Celebrity Death Match quality, thanks to reapportionment and other political machinations. For the Zettel-La Suer feud, things began souring last year when Zettel backed La Suer's GOP primary opponent, then declined to help La Suer in the general election. In addition, both lawmakers are expecting to be in the same district after reapportionment, which only adds to the animosity. Same goes for Pescetti-Cox, who likely will be running against one another next year. Pescetti, recently elevated to caucus chair by new Minority Leader Bill Campbell, is hoping his leadership ties will garner him caucus support in the 2002 primary, a prospect that has Cox miffed.

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Our children are our future. And helping young people avoid becoming parents until they're ready to provide a secure future for their own children is more important now than ever. Effective teenage pregnancy prevention requires a partnership among parents, schools and communities. Our future depends on the decisions we make for our children today.

What can you do?

Call for sexuality education in schools that gives teens information about abstinence, healthy relationships and contraception.

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To learn more, visit our website at: www.letsgetreal.org

The "Get Real About Teen Pregnancy" public education campaign is funded by a grant to Deen+Black from The California Wellness Foundation.

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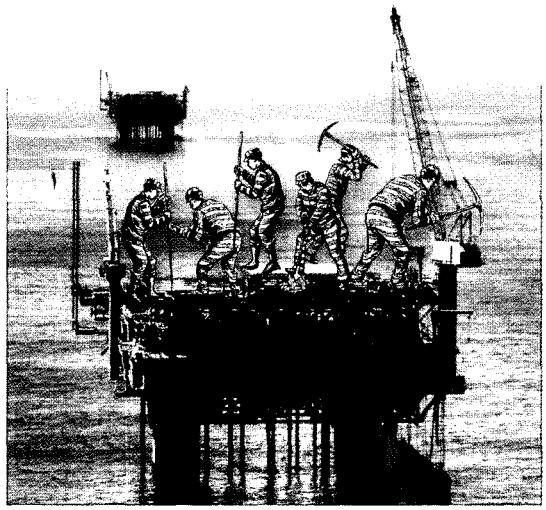
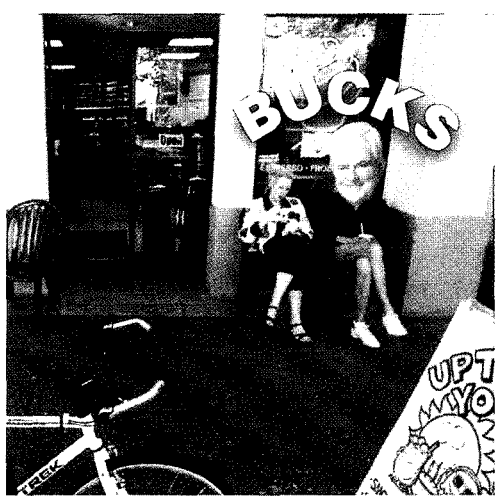
Media Watch:

A slick proposal

Now that President George W. Bush is in the White House, the outlook for offshore oil drilling and exploration off the California coast is much brighter. But let's say you are stuck with a dud of an oil platform out in the Pacific, one that's no longer producing. Not even a friendly administration could help with finding a solution for that. Unless, of course.... you propose a mutually beneficial arrangement like, say, turning the platform into a federal prison for violent inmates?



Don't laugh. In the February issue of *Mother Jones,* the magazine reports that Chevron Corp. floated such an idea for three out-of-service platforms off the coast of Point Conception. What a great recycling opportunity, a company official wrote to the Federal Bureau of Prisons, a way to house 1,000 prisoners on a combined 180,000 square feet of deck space!



No dice, say the feds. Or at least that's what they said late last year. Perhaps a new administration would be more open-minded. Maybe, if you could find a mutual friend to whisper into Dubya's ear, say, like Condoleezza Rice, his national security adviser – who also happens to have been a director of Chevron since 1991.

Silicon Valley Watch:

Newt sightings

In its infancy, the Internet may have been babied by Democrat Al Gore, but in adulthood, the Net Economy seems to prefer Republicans. For one thing, President George W. Bush won the lion's share of the industry's presidential campaign contributions. And more dramatically, Silicon Valley has become a stomping ground for none other than Newt Gingrich. In his banishment from Capitol Hill, the silver-haired Gingrich has been a distinguished visiting fellow at the Hoover Institution, where he's officially "exploring the entrepreneurship and innovation of Silicon Valley, and relating its successes to the direction public policy should take in the information age." The futurist has also been spotted at the San Francisco offices of *Industry Standard,* a weekly magazine reporting on the Internet economy. The former House speaker has even been seen dining at Buck's, the trendy Woodside restaurant frequented by techies, in the company of Draper Fisher Jurvetson venture capitalist Steve Jurvetson. Gingrich's take on Silicon Valley? "I was told that the Valley was the center of creativity on this planet... but it's like Florence without Michelangelo, Machiavelli or Leonardo da Vinci, because it's wealth without much articulation," he told the *Washington Post.* "It doesn't explain very well what's going to happen because it's too busy creating it."

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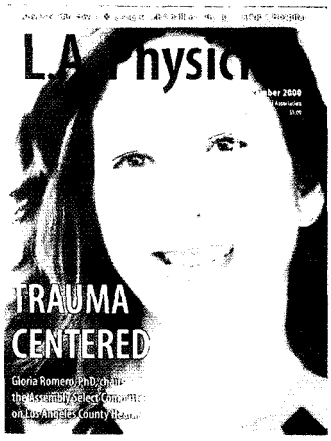
Legislative Watch:

What's up doc(s)?

There's a doctor in the house in the California Assembly: Keith Richman, a rookie GOP lawmaker and physician from Simi Valley who's taking time off from his medical practice "to make a difference." Indeed, he's wasted no time attracting press coverage with his bill to extend affordable health insurance to the 7 million-plus Californians who lack such coverage. And while his billion-dollar plan made a big splash, we'd like to take a moment to remind everyone that Richman is not the *only* kind of doctor in the house. Assemblywoman Gloria Romero, Ph.D., a university professor in psychology, was there ahead of Richman. Romero, who teaches at California State University, Los Angeles, has swiftly attained a certain stature in the health-care policy community, as evidenced by her recent appearance on the cover of *LA Physician,* the magazine of the Los Angeles County Medical Association. As chair of the Assembly Select Committee on Los Angeles County Healthcare, the LA Democrat is tackling the front-burner issue of keeping hospital trauma centers open. She points out that while the Los Angeles-area trauma centers are at highest risk of closure due to lack of funding, they are really only the first in a line of dominos to tumble statewide if financial help cannot be found. Watch for Romero to narrow in on permanent subsidies for the trauma centers, introducing a bill that she hopes to see passed by August.



Quotable

"The general perception is that this is a situation of 'California is making a new California is bearing the consequences.'"

—Dave Hamilton of the Alliance to Save Energy, commenting on Washington D.C.'s awkward response to California's energy crisis.

Compiled by California Journal Editors

By the numbers

Our common ground

26% Percentage of whites who think the most important public policy issue in California today is education.

28% Percentage of Latinos who think the most important issue is education.

27% Percentage of Asians who think the most important issue is education.

28% Percentage of blacks who think the most important public policy issue in California today is education.

26% Percentage of whites who think air, water and other environmental pollution is a big problem.

30% Percentage of Latinos who think pollution is a big problem.

28% Percentage of Asians who think pollution is a big problem.

32% Percentage of blacks who think air, water and other environmental pollution is a big problem.

Source: "Finding Common Ground: Racial and Ethnic Attitudes in California," a study by the Public Policy Institute of California.

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The New Economy comes of age in the Capitol

When state Senator Debra Bowen (D-Redondo Beach) first carried a measure to put legislative information online, she had plenty of explaining to do. "I had to explain what the Internet is," said Bowen, chair of the Senate Energy, Utilities and Communications Committee. Bowen's bill, AB1624, opened up the Legislature's electronic files, allowing computer users instant access to bill information, committee analyses and lawmakers' voting records.

That was in February 1993 and now lawmakers are much more knowledgeable about, if not more keenly interested in, high-tech topics. "There are many more members who use technology on a daily basis and are more attuned to its impact," she said. "People are way more savvy."

The luster of the New Economy may have faded in the eyes of investors and financiers. But as far as the California Legislature is concerned, the high-tech sector has come of age and is ripe for intervention. Watch for 2001 to be a year filled with bills, regulations and incentives aimed at helping Silicon Valley through its growing pains.

By Emelyn Rodriguez

Despite the dot-com downturn rippling across the state and the country in the form of folding net firms, cost-cutting moves and layoffs, there remains white-hot interest in New Economy issues in the capital city.

The intense focus has prompted a number of business industry association name changes — the California Manufacturers Association, for example, is now the California Manufacturers and Technology Association. It has also spawned a series of newly hatched tech-related legislative committees and state agencies. For instance, the state Assembly recently formed a New Economy Committee. The name of the Trade and Commerce Agency was revised to the Technology, Trade and Commerce Agency. And a new department formed within that agency is the Division of Science, Technology and Innovation.

In addition, a growing number of lobbying firms are representing high-tech interests. A decade ago there was only one full-time technology industry lobbyist at the capital. Today, there are dozens of firms handling more than

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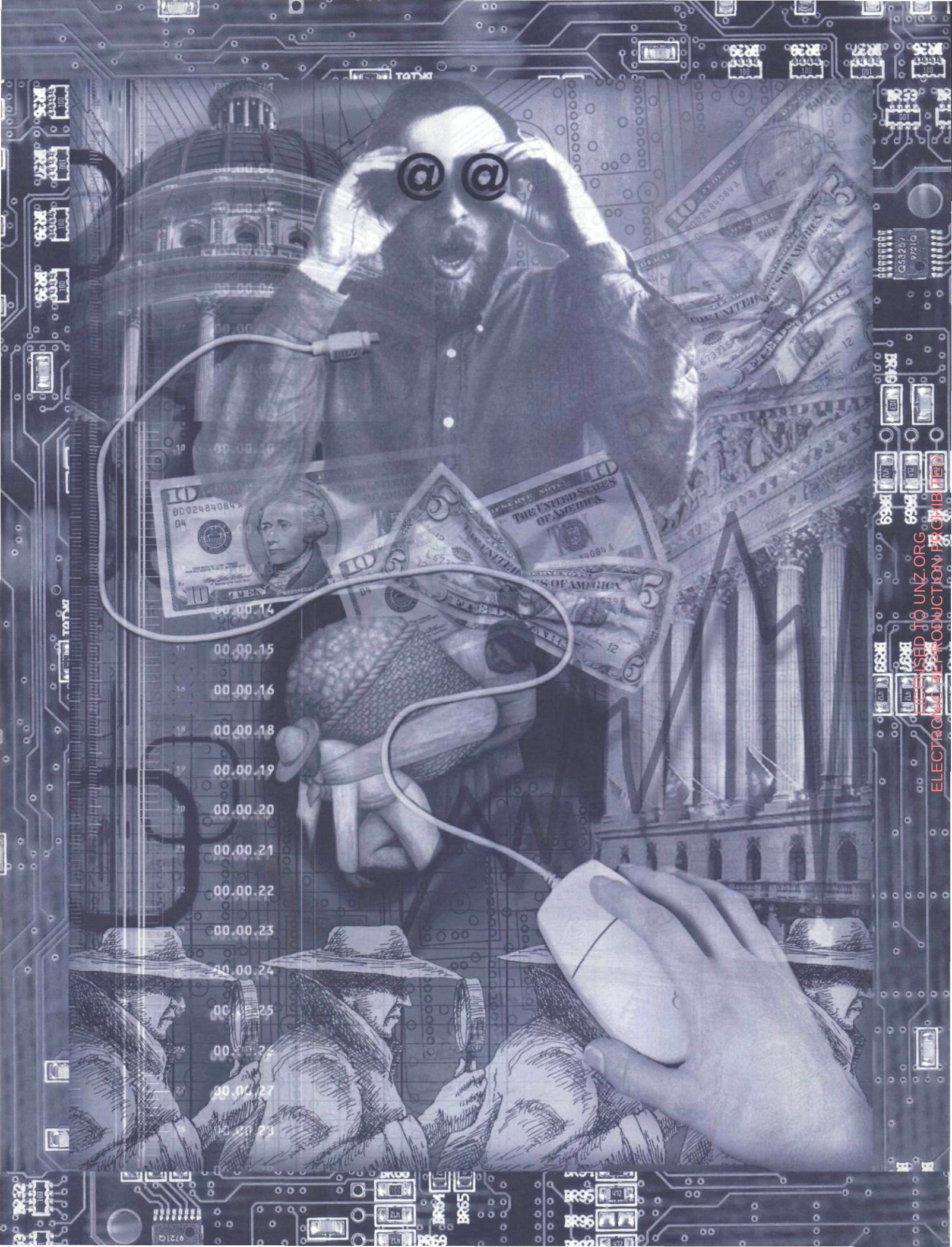

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"The energy issue affects everyone...," said Bowen. "But much of the great demand (for power) comes from the explosion of new technology."

State Senator Debra Bowen

State Senator James Brulte

Ruben Barrales

50 tech-related accounts, including such heavyweights as AOL, Microsoft, Intel, Apple, Cisco, Oracle, IBM and COMPAQ.

In legislative circles, high-tech concerns rank high on the to-do list not just because of the industry's rising clout and mushrooming lobbying presence at the Capitol. New Economy issues are dominant, if not trendy, because they are so intertwined with the Golden State's economic health as well as some of its most pressing problems.

"Energy and privacy are the two big ones," said Bowen when asked what technology-related issues will be most significant in this year's legislative session. "However, the top priority will be energy because it has so much potential to be disruptive to the California economy."

California's energy crisis has reached such monumental proportions that it has attracted national attention. President George W. Bush, worried about rising natural gas prices and power outages in California and the rest of the country, has stated that a national energy policy is a top priority for his administration. Meanwhile, Governor Gray Davis and lawmakers have convened a special session to ponder California's chronic power shortage and find long-term solutions to the state's dysfunctional electricity system.

Bowen believes that the technology industry is both part of the problem and the solution.

"The energy issue affects everyone, not just the high-tech community," she said. "But much of the great demand (for power) comes from the explosion of new technology."

For many in the tech industry, quality of power is as important as the cost, Bowen added. "If you get a surge, even if you don't get disruption of power, you can lose a million dollars worth of equipment in the process. We need to look at the needs of high-tech and plan for increased growth and demand."

Discussions are ongoing, but a plan of action would need to address conservation and ways to control surging energy costs, as well as the supply, quality and sources of power, Bowen said.

The tech industry has a role to play in solving the energy crisis, particularly on the conservation side, by generating more energy-efficient appliances for consumers, such as refrigerators, air conditioners and VCRs, she added.

Another mammoth high-tech topic on the horizon is individual and Internet privacy. The issue, which some lawmakers believe should be handled by the federal government, was a hot topic of discussion in the past legislative session and is expected to pop up again this year.

During the 1999-2000 session, Davis signed a plethora of privacy bills (see page 12), ranging from restrictions on information obtained from tax returns to disclosure of medical information to corporations.

The governor also signed into law SB 129 by Senator Steve Peace (D-El Cajon), which establishes the Office of Privacy Protection within the state Department of Consumer Affairs. The office is charged with developing privacy policies for state agencies, educating the public about privacy rights and handling consumer privacy complaints. The measure also requires all state departments to institute privacy policies to limit disclosure of personal information.

"Our personal information and identities should be protected by laws

"Companies in California are having a very difficult time recruiting qualified candidates to come to the state because of the cost of housing. It's prohibitive," said Gavin McHugh, CMTA vice president.

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much like company trademarks are protected," Peace said regarding the measure. "Personal privacy is the civil rights issue of the new millennium. Protecting our identity in the information age is a daunting task, and this bill is a step in the right direction."

Although some lawmakers said that the privacy measures signed last year were a good start, they believe the bills do not go far enough and that more regulations are necessary.

"I think privacy is going to be a key issue this year," said Assemblyman Tim Leslie (R-Tahoe City), who is carrying AB21, a privacy measure aimed at regulating consumer information obtained by financial institutions. "Perhaps not as hot as the electricity issue, but it will be a top-tier issue."

Leslie's bill, a similar version of a measure that died last year, would allow financial consumers to "opt-out" or prohibit the disclosure or sharing of their financial information by banks, insurance firms or other financial institutions with their affiliates. Leslie believes his measure faces an uphill battle this year due to continuing vigorous opposition from the financial industry and the perception among some lawmakers that this should be a federal, not a state issue. He predicted there may be resistance to aggressive state policies on privacy because personal information often ends up on the Internet, which is tricky to regulate because of its global reach.

Perhaps the most sensitive tech-related privacy issues that may grab attention this year involve electronic tracking of an individual's financial transactions and digital location technology used primarily with cell phones.

These technologies are increasingly being used in everyday life. Take, for instance, the newly installed electronic toll-collection system on many San Francisco Bay Area bridges called FasTrak, which records vehicle information and the exact time and date a car travels through a toll booth. Digital location technology, which is not yet widely available, allows electronic tracking of cell phone users' whereabouts.

State Senator Steve Peace

Infrastructure grants will help small communities "jumpstart the process," said Reyes. Otherwise, "How would rural California catch up?"

Assemblywoman Sarah Reyes

State Senator Charles Poochigian

Who has access to this type of information and how it can be used present major privacy implications and may be focal points for privacy discussions this year.

"It's one thing for you to ask your cell phone where the nearest pizza parlor is, and quite another to get a message from an advertiser on your phone when you pass by a video store," said Bowen, who is contemplating carrying a measure to deal with the issue.

Lawmakers and industry experts predict that energy and privacy concerns, already high on the priority list of many lawmakers, will be closely followed by equity and quality of life issues brought on by the high-tech boom. Issues include the "digital divide," work force development, educational opportunity, infrastructure, housing and transportation.

Assemblywoman Sarah Reyes (D-Fresno), chair of the newly formed Assembly New Economy Committee, said that equity issues will be a top focus this year. These include making workers more competitive through job training and placement and updating infrastructure needs of rural and other under-served communities so they can handle the increased demand for telecommunications and electrical capacity.

To that end, Reyes introduced AB 31, a measure that "addresses the needs of rural California in dealing with infrastructure," she said. "Not just water, sewer and roads but also telecommunications and electrical resources." The measure would set aside $20 million in one-time expenditures from the general fund for infrastructure improvements for 50 rural, small cities.

The $400,000 grants would allow small communities to "jumpstart the process," Reyes added. Otherwise, "How would rural California catch up with everyone else?"

Ruben Barrales, president and CEO of Joint Ventures Silicon Valley Network, a nonpartisan group focused on Silicon Valley issues, said that education remains a top priority for many tech executives.

"They see education as probably the most important factor to allow Californians the opportunity to participate in the New Economy," he said. "They see education as that pipeline

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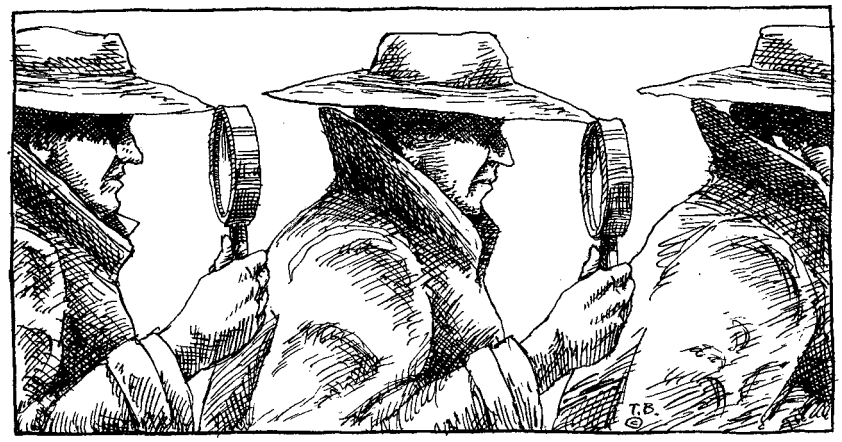
to develop more talent and more of a highly skilled work force in California."

Barrales predicts there will be additional legislative focus on state import and export policies, bridging the digital divide between the technology haves and have-nots, workforce development (training Californians to work in high-technology fields), and tax credits for research and development.

"Basically, anything that will help reduce red tape and bureaucracy that impedes development of new technologies and brings new technologies to the market," he said.

Gavin McHugh, vice president of government relations with the newly renamed California Manufacturers & Technology Association, predicted that the tech industry's top priorities, aside from the energy crisis, will focus on

Privacy measures enacted by the 1999-2000 Legislature



SB 129 by Senator Steve Peace (D-El Cajon) — This legislation establishes the Office of Privacy Protection in the state's Department of Consumer Affairs. The new office will be responsible for handling consumer privacy complaints and developing strategies to protect privacy.

SB 1724 by Senator Joseph Dunn (D-Santa Ana) — This bill prohibits the unrelated use and disclosure of information from a tax return submitted by a consumer. It also makes it a crime to dispose of information obtained in preparing a tax return in a manner in which the identity of the taxpayer may be determined.

SB 1903 by Senator Jackie Speier (D-Hillsborough) — This bill restricts disclosure of medical information to corporations and their subsidiaries and affiliates. It also requires a valid authorization for release of such information, and allows adult patients to insert written addendums into medical records they believe are incorrect or incomplete.

SB 2072 by Senator Jackie Speier (D-Hillsborough) — Under this law, stalking victims or those who have court permission to have their personal Department of Motor Vehicle records suppressed simply need to send a letter, instead of a court document, to protect their records.

AB 1862 by Assemblyman Tom Torlakson (D-Antioch) — This bill requires the Department of Justice to establish and maintain a database of identity-theft victims to assist them in clearing their names, and maintain a toll-free telephone number for access to such information. This bill will also establish procedures for entering names of identity-theft victims into the database.

AB 1897 by Assemblywoman Susan Davis (D-San Diego) — This bill enables a person who suspects he or she is the victim of identity theft to initiate an investigation with a local law enforcement agency. The bill also allows the person to petition the court for an expedited judicial determination of factual innocence when the perpetrator is arrested or convicted.

AB 1965 by Assemblyman Lynne Leach (D-Walnut Creek) — This bill prohibits the Board of Equalization from releasing the names and addresses of individuals who have licenses, permits or are registered with the Board, except in specified circumstances.

AB 2246 by Assemblyman Howard Wayne (D-San Diego) — This bill requires businesses to take all reasonable steps possible to destroy customer records containing personal information prior to their disposal.

AB 2559 by Assemblyman Dennis Cardoza (D-Merced) — This new law expressly states that the personnel records of peace officers will not be shared by their employers.

Source: www.governor.ca.gov

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quality of life issues such as infrastructure, housing, transportation — key to luring and retaining highly skilled workers.

"We need to incentivize local governments to increase construction of high density housing units in high job growth areas of the state, such as San Diego, Silicon Valley, Orange County, Los Angeles, the Bay Area and Sacramento," McHugh said. "Companies in California are having a very difficult time recruiting qualified candidates to come to the state because of the cost of housing. It's prohibitive."

The so-called "work force gap," or shortage of qualified and skilled local workers, costs high-tech companies millions each year in recruitment costs, incentives and higher salaries for out-of-area employees. For instance, there are about 160,000 jobs in Silicon Valley filled by people commuting long distances from areas such as the Central Valley San Benito County, Monterey County and Sacramento. Some tech workers even fly in daily or weekly from Southern California or other states.

The association also hopes to secure a large manufacturing investment tax credit —increasing from 6 percent to 8 percent — as a top priority this year. The credit, which could be used for purchase of manufacturing equipment and expansion of facilities, would be beneficial to the high-tech industry, as well as to other businesses, McHugh said.

The credit falls in line with proposals from the state GOP legislative leadership, which call for increased focus on bread-and-butter issues such as tax cuts and credits to stimulate business growth.

In December, Republican leaders proposed a $265 million business tax break package, including increases in manufacturers' investment and research and development tax credits.

State Senator Charles Poochigian (R-Fresno) said the changes would make California more competitive for businesses "in areas we are not competitive in today."

Senate Minority Leader James Brulte (R-Rancho Cucamonga) said the reductions are necessary because California is "still a very, very high-tax state." It ranks "eighth out of the 50 states in per-capita tax burden," he said.

Of course, the fate of many of the proposals, especially those that require sizable lumps of cash, will depend on the state of the economy.

If the economy stays strong, "There will be an expanded focus on a number of things, including the digital divide and more creative ways of addressing it," said Barrales. "But if the economy goes weak, then the focus will be on bread-and-butter issues related to tax policies, tax credits and incentives to keep companies in California."

Emelyn Rodriguez is senior editor of the California Journal. *Comments may be sent to* **edit@statenet.com.**

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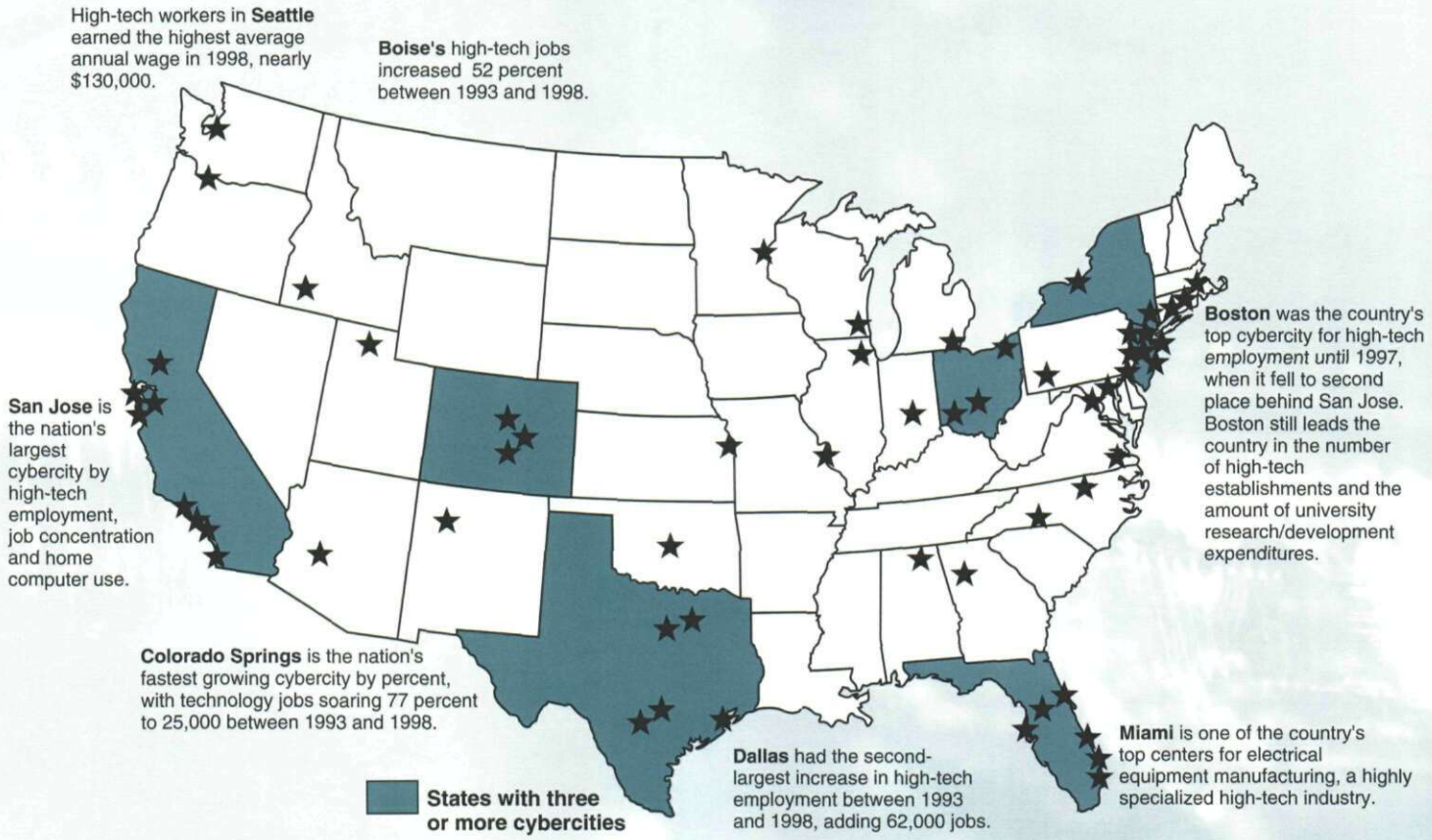
Cybercities: How California compares

By most measures, California leads the pack, boasting the most high-tech centers — eight in all — of any state.

They're the hubs of high-tech, cities where at least 15,000 workers are employed in technology jobs. From Massachusetts to California, 33 states are home to at least one cybercity, according to a recent report. What attracts high-tech companies to these communities? Although no single defining characteristic explains the proliferation of high-tech cities, a number of factors may be present, including proximity to research universities, clusters of similar high-tech industries and the more elusive "quality-of-life" factors, such as affordable housing, good schools and pristine environments.


High-tech workers in **Seattle** earned the highest average annual wage in 1998, nearly $130,000.
Boise's high-tech jobs increased 52 percent between 1993 and 1998.
San Jose is the nation's largest cybercity by high-tech employment, job concentration and home computer use.
Boston was the country's top cybercity for high-tech employment until 1997, when it fell to second place behind San Jose. Boston still leads the country in the number of high-tech establishments and the amount of university research/development expenditures.
Colorado Springs is the nation's fastest growing cybercity by percent, with technology jobs soaring 77 percent to 25,000 between 1993 and 1998.
Dallas had the second-largest increase in high-tech employment between 1993 and 1998, adding 62,000 jobs.
Miami is one of the country's top centers for electrical equipment manufacturing, a highly specialized high-tech industry.
States with three or more cybercities

Cybercity notables:

- San Francisco was the leading cybercity for venture capital investments with $9.3 billion in 1999, followed by San Jose, New York, Boston and Oakland.
- Boston's many universities made it the nation's leading cybercity based on university research and development expenditures of $1.1 billion in 1997. Baltimore, Los Angeles, New York and Raleigh completed the list of cybercities with R&D expenditures over $700 million.
- Home computer use is highest in San Jose, Colorado Springs, Portland, Salt Lake City and Washington, D.C., running as high as 26 percent above the national average.

Top California cybercities in high-tech jobs, 1998.

1. San Jose	252,888
2. Los Angeles	160,544
3. Orange County	93,585
4. Oakland	66,878
5. San Francisco	62,229
6. San Diego	60,017
7. Sacramento	34,557
8. Ventura	16,098

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with high-tech communities across the country

Top ranked cybercities

San Jose is the nation's leading cybercity based on high-tech employment, home computer use, Internet access and concentration of tech workers.

No.1 in:

Employment.....San Jose
University research/high-tech companies.....Boston
Venture capital investments.....San Francisco
Home computer use.....San Jose
Average wage.....Seattle
Jobs per 1,000.....San Jose

Employment

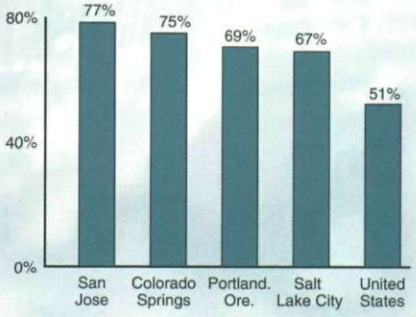
San Jose led the nation in high-tech jobs in 1998.

Wage growth

Seattle's high-tech wages increased a stunning 121% between 1993 and 1998. (Data adjusted for inflation.)

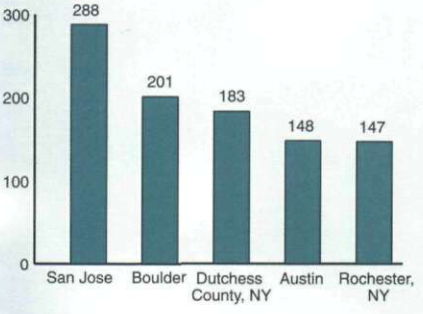
Home computer use

Three of every four households in San Jose have at least one computer, as of August 2000.



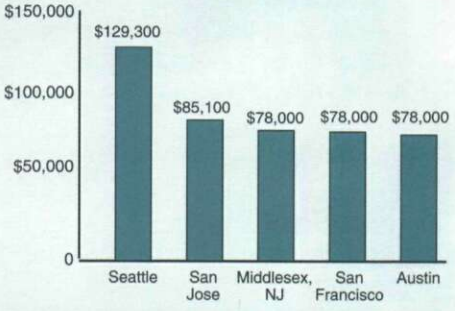
Tech workers per 1,000

One in every four private sector workers in San Jose was employed by a high-tech company in 1998.



Average wage

Seattle's high-tech workers were the best compensated nationally, earning an annual average of $130,00 in 1998.



Venture capital investments

San Francisco led the nation in venture capital investments in 1999, more than quadrupling its 1998 rate of $1.9 billion.

Source: "Cybercities: A City-by-City Overview of the High-Technology Industry." Sponsored by the American Electronic Association © 2000 and the Nasdaq Stock Market.

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California is no leader in the hunt for an e-tax solution

With cyber-spending escalating, tax-free Internet shopping is taking a bite out of sales taxes, potentially shortchanging funding for schools and public safety. When Governor Gray Davis refused to put California at the table with 30 other states trying to corral e-commerce, did the Golden State pass up an opportunity to fix a vexing fiscal problem?

By Kathleen Les

It's no secret that Governor Gray Davis — and the nation — have California's innovative high-tech industry to thank for the longest economic expansion in the last 50 years. Today, no place on earth is more wired into the 21st century's digital economy than California, home to twice the number of high-tech businesses and related jobs as any other state.

As the lucky heir to California's New Economy, Davis has made it clear he does not favor fencing-in this fragile economic sector — particularly in its hour of need after steep downturns in the high-tech market. He is one of just four governors to outspokenly oppose Internet taxation of any kind. And Davis is the only Democratic governor to insist that the high-tech industry, despite the nearly 1 million jobs and $55 billion in wages it has generated in California alone, is but a seedling needing time and protected status in order to fully bloom.

"We are likely to screw this thing up big time if we run in with some fiscal and tax prescription," Davis told the press following a White House meeting between governors and President Bill Clinton last year. "I operate under a very simple premise: If in doubt, do no harm."

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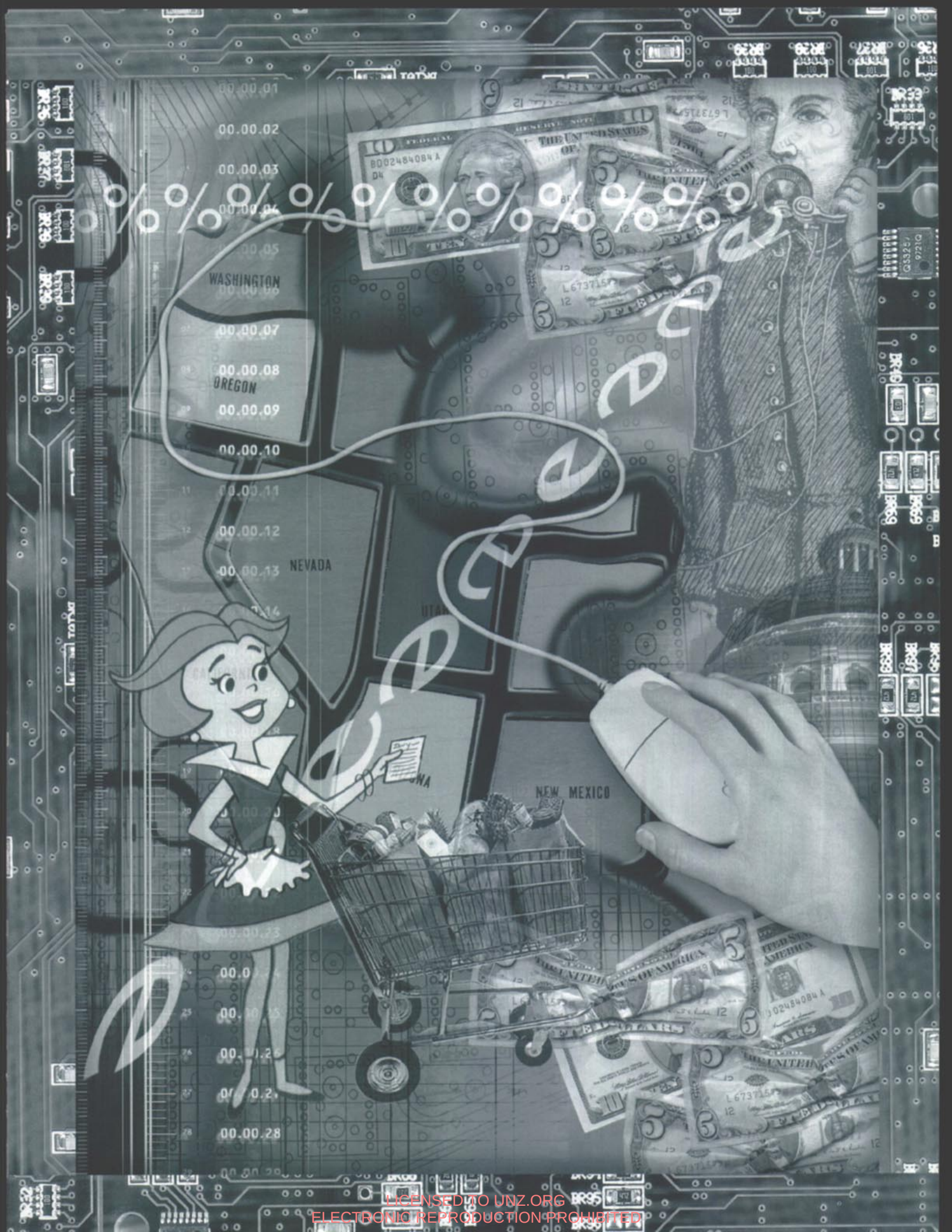

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Other states work together

When Davis entered office, the question of whether to require a sales tax on Internet purchases was just heating up. A federal advisory commission appointed by Congress was examining the taxing implications for e-commerce. Governors of all stripes were becoming alarmed at their slipping sales tax revenues. Though the economy was chugging along, the sales tax revenue that states depend on to fund education was starting to show signs of eroding.

It was Utah's Republican Governor Michael Leavitt who stepped out in front of governors concerned about a narrowing sales tax base. In assuming the chairmanship of the National Governors Association last year, Leavitt presented two choices to his gubernatorial colleagues: Either work together to revamp the sales and use tax collection system to make it easier for e-commerce businesses to collect taxes across state lines, or scuttle sales taxes for an alternative revenue source.

Since most states count on sales taxes for 30 percent to 50 percent of their revenue, the governors heeded Leavitt's call and overwhelmingly agreed to work in concert on a streamlined collection system making it easier for remote sellers to collect the surcharge on retail sales. What started as a handful of states last March quickly grew to 30 of the 45 states with sales taxes working to adapt the vagaries of a traditional tax collection system to the realities of the electronic marketplace.

Costa goes national

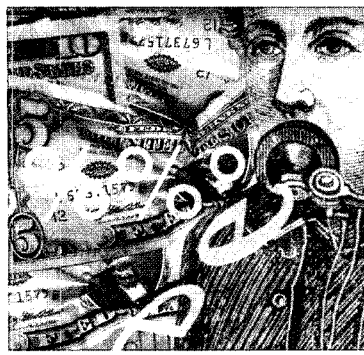
Though Davis was present at the meeting when Leavitt spoke, the Utah governor's words apparently held no sway with him. Late last year, Davis vetoed a bill by state Senator Jim Costa (D-Fresno) to make California a formal participant in the Streamlined Sales Tax Project.

"It's frustrating that California is not more involved," said Costa, who describes his state's role in the nationwide tax simplification effort as low profile at best.

While Davis is adamantly against Internet taxes on the home front and is keeping California out of play in the national arena of states desperately trying to broker an e-commerce tax solution, the Central Valley state senator has worked the issue in his own way. Costa serves as this year's president of the National Council of State Legislators, the policy think tank for state legislatures. The leadership post landed in Costa's lap at a time when the organization's top priority is plugging the tax hole left by transactions increasingly made electronically, rather than over the counter.

In his role as NCSL president, Costa has traveled around the country meeting with other state officials to brainstorm solutions to the vexing tax issue. And from what he's heard and seen, Costa says he's convinced that states are right to be so concerned. At the same time, Costa has been unable to persuade his own governor of the merits of teaming up with other states to forge a solution.

Davis is **adamantly against** Internet taxes on the home front and is keeping **California out of play** in the national arena of states desperately trying **to broker an e-commerce tax solution.**



"If in three to five years we can come up with a [e-taxation] structure that works, we'd look at it," said Davis spokesman Roger Salazar. He said Davis is firm in his belief that government should in no way obstruct California's nascent dot-com industry. "This industry created such explosive growth for California that the wisest course is to give more time to let it mature and continue to incubate," said Salazar.

Davis' insistence on keeping all hands off e-commerce is so strong that he shares more in common with conservatives like Republican Dean Andal than with some fellow Democrats. A former assemblyman from Stockton and now a member of the state Board of Equalization, Andal has been adamant about the need to fend off e-commerce taxation. A former co-chair of the federal commission on e-commerce taxation, Andal worked hand-in-hand with Virginia's GOP Governor Jim Gilmore to keep e-taxes at bay by extending the federal moratorium. "There is no revenue dream for state and local government from Internet taxes," insists Andal.

Discounting the states' cooperative Streamlined Sales Tax Project as "phony," Andal charges that the multi-state proposal is far too complex to be viable. "They're no closer to [streamlining sales tax collection] now than 10 years ago," he said.

E-commerce nips at sales taxes

The Legislative Analyst's Office estimates that California is already losing at least $200 million annually from untaxed e-commerce. Yet studies show that online purchasing amounts to less than 1 percent of all retail activity, making it easy for politicians to shrug off concerns about the impact of tax-free spending. But by 2003, online shopping is expected to be widespread enough to cost California's treasury $1.5 billion that year alone. In subsequent years, that amount would increase exponentially, according to a first-of-its-kind study by the University of Tennessee.

"The numbers are huge when you're talking about California," said Donald Bruce, one of two university professors who did the analysis. "In the absence of a [state

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budget] surplus, I would be surprised if your governor would take such a strong stance against Internet taxes," he added.

The tax loss implications are not lost on California's cities and counties already feeling the pinch from a property tax shift in the early 1990s that forced heavier reliance on sales taxes. In order to pump up their income to meet the demand for public services, local jurisdictions have had to welcome big-box retailers into their communities to reel in more sales taxes.

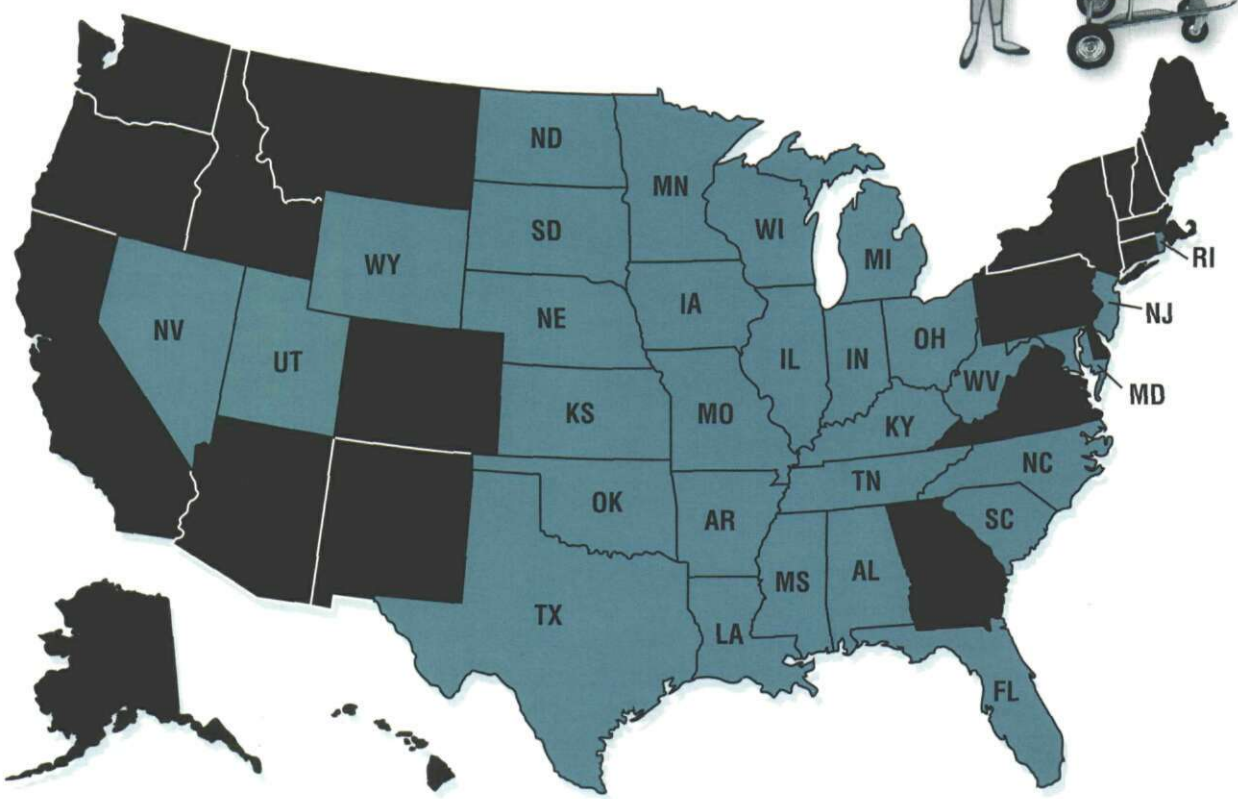
Now the revenue stream built on the backs of these retail kingpins is also at stake. As much as 30 percent of city revenues are at risk as tax-free online retailing grows. "It's a huge leak," said California League of Cities lobbyist David Jones. "Anything that diminishes sales tax has huge implications for police and fire protection, libraries and other locally provided services that residents depend on."

If local governments are worried, Jones believes state officials ought to be even more so because five times more sales tax revenue flows into the state's general fund each year. California, like other states, relies principally on sales taxes to fund its public schools. Fully half of the $30 billion a year taken in from the surcharge on retail sales goes to pay for K-14 education.

Yet for the time being, at least, a $11 billion surplus last year and another year of projected record revenues has afforded Governor Davis the luxury of being little concerned about a comparatively paltry $200 million in lost sales taxes. The benefits of rising income and corporate taxes spun off from the expanding high-tech economy far outweigh the revenue loss from dot-com spending, Davis has said repeatedly.

California not in the mix for a cyber-spending fix

Worried that tax-free e-commerce will swallow up too much of sales taxes over the long term, the 30 states identified below have banded together to hammer out a solution to collecting Internet sales taxes across state lines. Each state has a legislative or gubernatorial OK to participate in the Streamlined Sales Tax Project. Governor Gray Davis vetoed the bill that would have made California a participant.



Source: The Streamlined Sales Tax Project, National Conference of State Legislatures.

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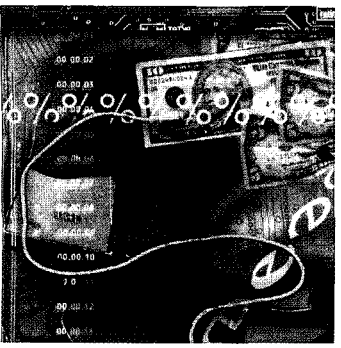

It hardly comes as **a surprise** that the governor of the **largest state** is averse to **ruffling the feathers** of an industry as **politically potent** as high-tech.

But whether the 30 states working on a streamlined tax solution can do without California's support remains to be seen. California is not only the sprouting soil of the high-tech revolution but, by virtue of its behemoth population, also represents consumer spending of monstrous proportions.

The state's lack of participation in a multi-state sales tax trial run leaves Internet and mail-order retailers who often do the lion's share of their business in the Golden State working without one of the nation's largest retail players. Home to eight of the nation's 60 largest "cybercities" — where computer ownership and Internet access runs considerably higher than the national average — California towers over the retail industry nationwide.

With California out of the mix, some retailers may assume it's just as well to beg off on participating in the tax pilot project. "If you're trying to create a system to help all businesses with retail transactions, it's hard to create a new streamlined system that is fractured," points out Frank Shafroth, executive director of the National Governors Association.

Shafroth fears Congress will be tempted to tamper with the state sales tax system if not enough states, especially large ones, sign up to participate in the streamlined collection system. In the past, Congress voted in favor of an Internet sales tax moratorium, but later vowed to stay out of the issue if at least 20 states banded together for a solution. Taking the first steps toward a new tax administration system is not without its risks and obstacles, Shafroth said. But it's unlikely that national retailers such as Land's End and WalMart, for instance, will embrace a system set up in some states but not others, he says.

Others close to the streamlined sales tax project hope that California will eventually come on board. Privately, though, they say they are not entirely surprised that the governor of the largest state is averse to ruffling the feathers of an industry as politically potent as high-tech.

Main Street retailers want parity

It may fall to traditional brick-and-mortar businesses to convince the governor that e-tailers should shoulder a tax burden equal to that of their Main Street counterparts. Large retailers like Sears, Macys and Longs Drugs, represented by the California Retailers Association, for instance, are already concerned that their business will be eclipsed by online merchants seizing the advantage of offering tax-free shopping.

But the normally powerful retailers group last year failed in its bid to convince Davis to plug a loophole that has allowed dot-com businesses such as Barnesandnoble.com and Borders.com to sell merchandise without collecting sales taxes even though they have stores in California. Last-minute counterpoint lobbying by the American Electronics Association held greater sway with Davis. The governor vetoed the bill on the basis that it would impose new sales taxes for online sellers — even though the U.S. Supreme Court already ruled that such businesses are obligated to collect sales taxes when they have a physical presence in a state.

The California retailers group was no more successful in getting Davis' ear on Costa's measure to send California to the streamlined tax meetings. Instead, the governor signed off on a new state commission to explore how the New Economy has changed the taxing landscape. Beginning this year, the nine-member commission will evaluate the sweeping economic changes and tax implications created by the Internet and other electronic technology.

This won't be the first time that California goes its own way when it comes to solving a problem of national interest, says Rex Hime of the California Business Properties Association, a coalition of shopping center and commercial property owners. But by choosing its own path, California will end up falling a bit behind the national power curve, Hime said.

"When California lags behind, it's generally because we're taking a deep breath before we sprint ahead," he said. "When we make a decision, [we're] the big gorilla. Doing it methodically and doing it right is important, not just doing it fast." Hime's group enthusiastically backed the unsuccessful bill to stop the mega-bookstores from offering tax-free online shopping, but remains hopeful that California will arrive at a suitable tax parity solution down the road.

In forming the new California Commission on Tax Policy and the New Economy, and granting it three years to produce its findings, Davis appears to have achieved a political goal: He now has a vehicle to remind Silicon Valley of his ongoing interest in being a friend to the industry. It also makes it easier for Davis, known as the nation's most prolific Democratic campaign fund-raiser after Al Gore, to forge ties with potential donors in the high-tech sector.

But whether the governor's motives were political or practical — or both — it's clear that Davis surprised no one by refusing to pull up a chair at the table with 30 other states collaborating on a mutually beneficial solution. Indeed, to have done so would have been to give up a measure of control over the outcome of Internet sales tax talks. But the price of holding onto that control could leave other states in the lurch as they try to make a show of strength to keep Congress off their taxing turf.

Kathleen Les is an associate editor of California Journal. *Comments may be sent to* **edit@statenet.com.**

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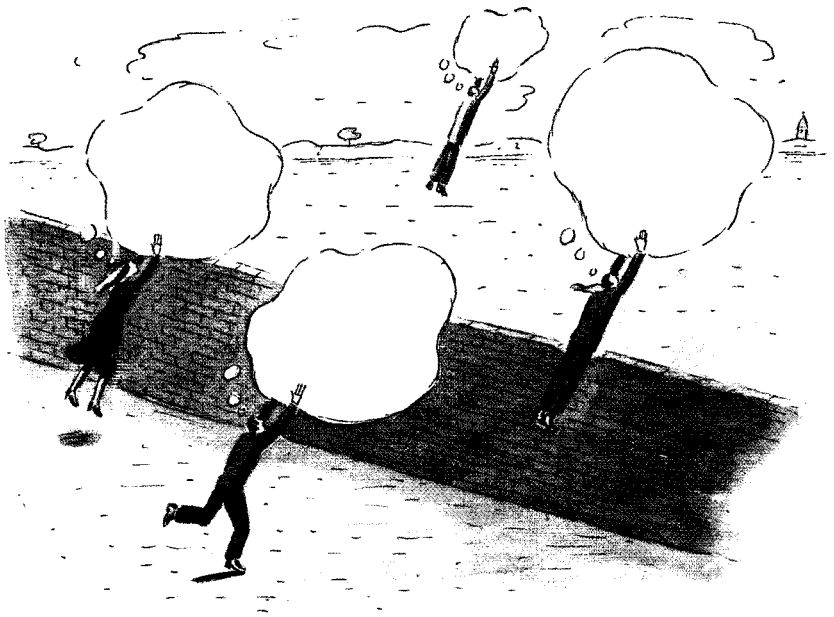
Imaginative thinking can overcome obstacles



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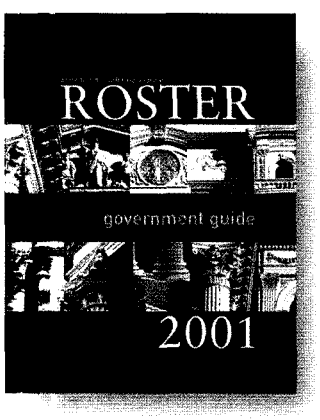

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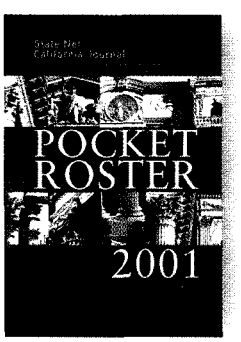

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Julian Dixon: California loses a bipartisan warrior

by Sherry Bebitch Jeffe

The sudden death of Congressman Julian Dixon (D-Culver City) in December did much more than deprive the 32nd Congressional District — my home district — of a respected and effective representative in the nation's Capitol. The loss of Dixon removes from the Washington scene one of Southern California's key advocates and a powerful protector of Los Angeles.

On the day Dixon's death was announced on the House floor, California Congressman David Dreier (R-Covina), chair of the Rules Committee, told his colleagues, "I had the privilege of working with him as a fellow Angelino on a wide range of issues that affected Southern California. We were always able to come together in a bipartisan way."

Dixon was a conciliator, who could work well with both Republicans and Democrats, and who was able to build legislative coalitions. His skills will be particularly missed in the new political environment in Washington, where a narrowly divided – though GOP-controlled – U.S. Congress will require bipartisan cooperation to pass anything more controversial than a Mother's Day resolution.

Julian Dixon: 1934-2000

Said another powerful California Republican, Christopher Cox (R-Newport Beach), "In a time when so many people are talking about the need for bipartisanship, Julian Dixon can remind us of what that really is."

Dixon learned the art of conciliation in his ethnically and economically diverse district, which straddles the Santa Monica Freeway from West Los Angeles to Koreatown and the Coliseum. It has one of the largest concentrations of affluent blacks in the nation but also reaches into the poorest neighborhoods. It is home to middle- and upper-middle-class Anglos and a large Jewish population that helps shape the district's politics.

The 32nd CD has no single ethnic majority. Blacks, Latinos and Asians make up roughly 80 percent of the district's population. The district boasts both the largest percentage of black voters in L.A. County and, according to the *Los Angeles Times*, "probably one of the lowest percentages of Latino voters."

Dixon's constituency was anchored in his lopsidedly Democratic district, which re-elected him last November with 84 percent of the vote, but his influence reached well beyond.

He was the "go-to guy" on L.A.'s troubled Metro Rail subway project, securing millions of dollars to rescue the faltering venture. He also secured a $400 million federal loan for the Alameda Corridor rail project.

Without fanfare, Dixon used his clout as the fifth-highest ranking Democrat on the Appropriations Committee to secure "dire emergency" funds for L.A. after the 1992 riots and the 1994 Northridge earthquake. From his perch on the Appropriations' Defense Subcommittee, Dixon fought to protect Southern California from cuts in military spending, sponsoring a loan guarantee act for small businesses hurt by base closings and defense contract cancellations.

He brought a lot of bacon home to Los Angeles and he did it, as his close friend Representative Howard Berman (D-North Hollywood) noted, while holding the world's record for the least number of press conferences by a member of Congress.

Through his work on L.A. issues, Dixon forged an "odd-couple" political alliance with the city's Republican mayor, Richard Riordan, a millionaire businessman whose relationship with the black community has been rocky. In a statement released after Dixon's death, Riordan said, "I considered Julian my father confessor whenever there was a tough challenge in Los Angeles."

The battle to replace Dixon in Congress is shaping up to be highly contentious. Many community and party leaders lobbied Bettye Dixon, the congressman's widow, to run in order to avoid a fractious free-for-all that could tear apart the African-American political community. Some are concerned that splitting the black vote in the April 10 special election could allow an Anglo candidate to slip through, leaving only three African-Americans in California's congressional delegation.

When Bettye Dixon announced her decision not to run for her husband's seat, she said the district needed a professional. "In the political arena," she added, "I'm an amateur."

Julian Dixon was a consummate professional politician, in the oft-neglected, best sense of the term: an "honest broker" who used the skills and power of politics to protect his constituents, shape policy and serve the public good.

Contributing Editor Sherry Bebitch Jeffe teaches at Claremont Graduate University. Comments may be sent to **edit@statenet.com.**

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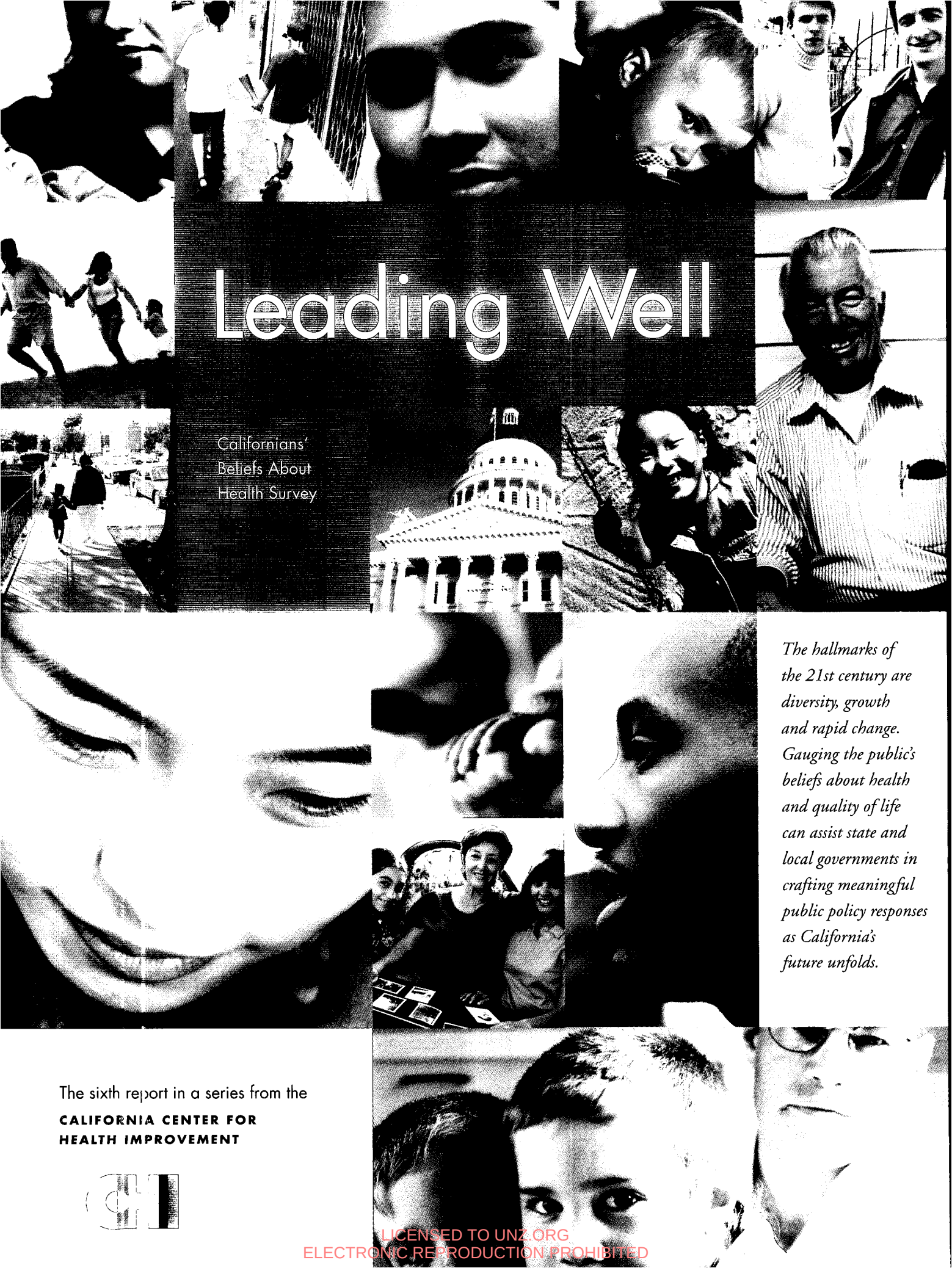

Leading Well

Californians' Beliefs About Health Survey

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The sixth report in a series from the

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Californians

About Their Communities & Environment

Californians share a common vision of what aspects of their communities need major improvement. Across the state, these shared beliefs often spark new solutions and energize collective efforts to improve communities. Among Californians:

- 53 percent rate their community as fair or poor as a place to get a good job.
- 43 percent say their community is fair or poor as a place that promotes the overall health and well-being of its residents.
- 35 percent feel their community is a fair or poor place to raise a family.
- 45 percent rate their community as fair or poor in providing adequate childcare options for working families.
- 57 percent consider urban sprawl a problem where they live and 63 percent expect it to become a problem in the next five years.
- 73 percent say traffic congestion is a problem now and 84 percent feel it will be a problem in five years.

About Their Safety

Most Californians feel their neighborhoods are safe places now, but they worry about the future. In the 1996 CCHI survey, *Getting Involved,* Californians ranked neighborhood safety and job opportunities as their leading concerns. Today, two in three Californians believe neighborhood safety contributes to overall health yet:

- 38 percent rate their community as fair or poor as a place to feel safe and free of crime; one in five expect their communities to be less safe in five years.
- One in five Californians who had dealings with legal authorities during the last year say they were treated unfairly. Ethnic minorities, young adults and Los Angeles County residents were more likely to report this.

About Their Jobs

A majority of Californians from all economic levels foresee the income gap between the poor and those well off as increasing over the next five years. This is significant because recent research suggests that the magnitude of income inequality is a critical factor associated with the poor health of low-income populations.

- Seven in ten workers say their jobs make good or excellent use of their abilities and skills but 27 percent feel otherwise.

Californians Call for Government Action

			MOST SUPPORTIVE		
	ADULTS	REGISTERED VOTERS	RACE/ETHNICITY	EDUCATION	HOUSEHOLD INCOME
Improve Quality of Life					
Expand public transit (V/SE)	82%	79%	AA, L	<HS	—
Encourage the development of jobs and employment opportunities near existing housing (V/SE)	82%	80%	AA, L	<HS	<$15K
Encourage the development of housing, retail stores and work places near major transit stops (V/SE)	75%	72%	L	<HS	<$15K
Restrict development in order to preserve wetlands, rivers and environmentally sensitive areas (V/SE)	74%	73%	L, W	CG	>$75K
Establish growth boundaries around cities beyond which new development would not be permitted (V/SE)	65%	64%	L, W, AO	—	$40K+

V/SE = VERY/SOMEWHAT EFFECTIVE
VE = VERY EFFECTIVE
V/SI = VERY/SOMEWHAT IMPORTANT
VI = VERY IMPORTANT
MI = MAJOR IMPACT

AA = AFRICAN AMERICAN
L = LATINO
W = WHITE NON-HISPANIC
AO = ASIAN/OTHER

<HS = LESS THAN HIGH SCHOOL
HSG = HIGH SCHOOL GRADUATE
CG = COLLEGE GRADUATE

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Living Well

How can the health of Californians be improved?

This is the sixth in a series of reports based on surveys conducted for CCHI and funded by a grant to CCHI from The California Wellness Foundation, as part of its Health Improvement Initiative. The survey provides concrete information from Californians about:

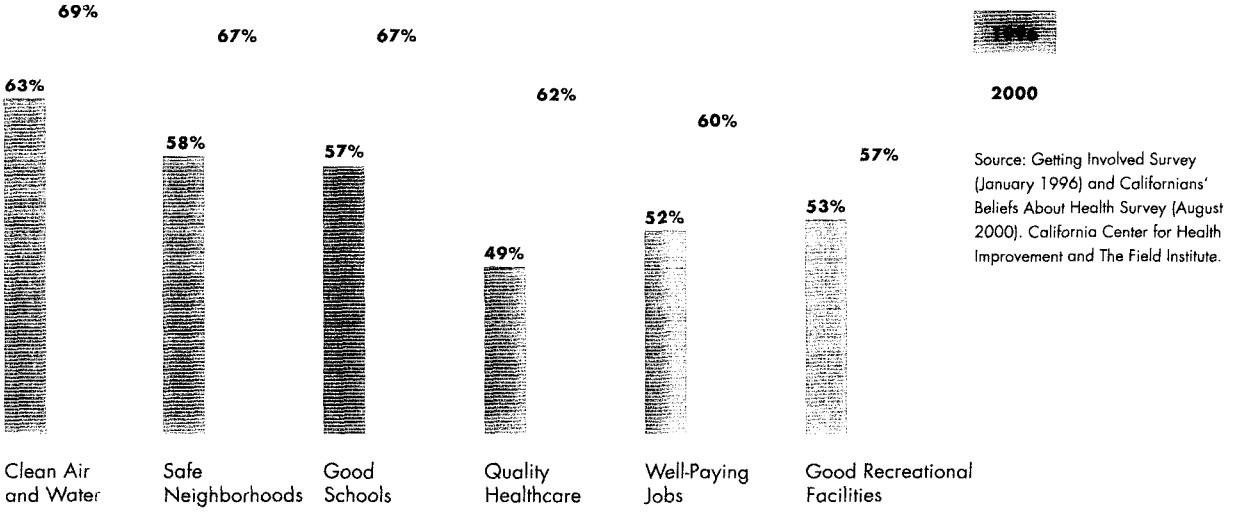
- Priority health areas for government action
- Resources needed to address community health problems
- Programs and strategies that work and don't work to improve health.

What did we learn? One major finding suggests that Californians may think differently about health than policy-makers — or, at least, they may think differently than the ways policies are made. Specifically, just as people's health problems may be treated on a disease-by-disease basis, so too, governmental health programs are often categorically funded. But Californians realize that overall health is impacted by non-health factors, and their awareness of the importance of these external factors is increasing.

What Creates Health? Californians' Changing Views about Health

How much does each factor contribute to the overall health status of people in your community — a good deal, a small amount, or no effect?

Percent who say "A Good Deal"



Source: Getting Involved Survey (January 1996) and Californians' Beliefs About Health Survey (August 2000). California Center for Health Improvement and The Field Institute.

Californians clearly understand that the best way to "build" health in the long run is to safeguard communities and the environment, create jobs and economic opportunities, improve schools and promote healthier lifestyles, and assure access to quality medical services. The potential to improve individual and community health arises from Californians' beliefs that better lifestyle choices and life circumstances enable healthy communities.

The survey findings suggest an important new policy agenda for health. How will government respond? How will Californians prepare for and finance their future?

As the 2001–2002 session of the California Legislature convenes and Governor Gray Davis begins the second half of his term, the state has available tremendous resources from the tobacco settlement and other sources to begin addressing some of the public's concerns. The key findings presented here are intended to stimulate thoughtful dialogue and to inform policy-making as California legislators, local decision-makers, educators and the public consider public policy issues that influence the health and well-being of the people of California.

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About the Survey

The California Center for Health Improvement (CCHI) commissioned a statewide health survey designed to better understand the opinions of Californians about a range of health-related problems in their lives and communities, as well as the policies and programs they support to prevent these problems. That survey is the basis of this report. The survey was conducted by The Field Institute, a non-partisan, non-profit research organization devoted to the study of public opinion and behavior in California.

A telephone survey of 1,612 California adults age 18 or older was conducted from August 7–31, 2000, using random digit dialing and a computer-assisted telephone interview system. The August 2000 interviews were conducted in English and Spanish. The survey has a margin of error of +/- 2.6 points at a 95 percent confidence interval. Additional interviews were conducted among African Americans and Asians in California to increase the accuracy of survey estimates. The resulting representative survey included 846 White Non-Hispanic, 400 Latino, 158 African American, and 185 Asian/Other adults. For this data subset, the sampling error by race/ethic population is: White Non-Hispanic (+/- 3.5 percent), Latino (+/- 5.0 percent), African American (+/- 8.2 percent), and Asian/Other (+/- 7.6 percent).

About CCHI

The California Center for Health Improvement is a prevention-focused, non-profit, non-partisan health policy and consulting center, serving the public by framing ideas and research for action. Our diversified services support public policy innovation by decision-makers. Since 1995, CCHI has been recognized nationally and in California as an authority on health improvement and prevention-focused practices.

For more information on this survey, as well as prior surveys that assess the views of Californians on health-related issues, visit CCHI's Web site at www.cchi.org. In addition, for a database of policy ideas that work to improve health and information on ways to implement policy change, visit our new policy Web site, www.healthpolicycoach.org.

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This report is funded by a grant to CCHI from The California Wellness Foundation, as part of its Health Improvement Initiative.

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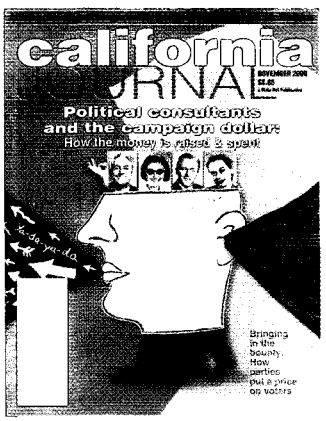
Lack of health-care leadership

Can we wait or waste another eight years before our presidential "leader" leads us out of this health care mess?

No candidates expressed a glimmer of insight into our health care problems, as you aptly outlined in your article ["Campaigning on Health Care: Are Promises Enough?" November 2000.] Bill Bradley came close before he lost his Democratic nomination. All the media exposure and presidential debates did not give me an ounce of hope that either party will be able to do something about it.



The health care problem is very, very complex, I am the first to admit. But it's also a sane reason to expect our president, the person at the top, to tell us what it will cost to have health care.

Our leader will have to be brave and ask such politically incorrect questions as who will have health care, how much and what it will cost us. It's time that we recognize the fact that the management of health care will never be profitable nor can it be dependent on market forces. I happen to feel we need to get rid of our present system of health care and build a totally new system. Our present system is very sick, as proven by what has taken place in the last eight years.

I really enjoyed your insightful article. It helps the voters understand this important issue; something presidential candidates are not good at, sadly so.

Jeanette Mok
Woodland

Rx for our electoral system

I read the Jock O'Connell article ["Deliverance from elections," November 2000], which discussed the problems with electing government officials.

Recognizing that he mentions Jonathan Swift and channeling, I had hope that he would wind up with some real suggestions for improving our [electoral] system.

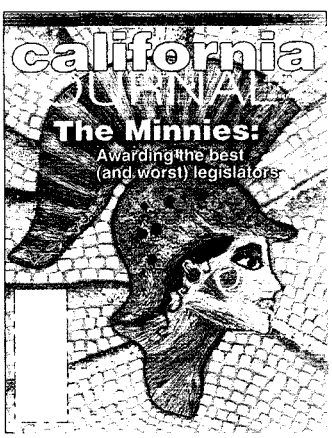
Now let us consider some of the solutions which are now floating in the wind: Declare the electoral college outmoded and unfair because it allows a presidential candidate to be elected by a majority of the college while receiving a minority of the [popular] vote. Require TV stations to provide candidates with free time in which they may offer their qualifications but not denigrate their opponent. Limit all national candidates to [campaigning for] a period of two months before the primaries and another two months before the general election. Require TV networks to provide, in prime time, schedules of debates for candidates in their region of operation. Limit all contributions to candidates to money donated by individuals.

If commissions could be appointed to work out some or all of the suggestions and if the concerned public insisted upon adoption of the resulting proposals, we may well find that government of the people will gain a new life.

Elwood M. Jones Jr.
San Diego

An essential political read

An addendum to the "Essential California Journal Reading list that's surely essential and not to be overlooked: "A Disorderly House: The Brown-Unruh Years in Sacramento" (Heydey Books) by James R. Mills, who served in both the Assembly and as Senate President Pro Tempore.



This lively book, by one of the Capitol's ultimate insiders, takes the reader day-by-day through the skirmishes of the turbulent '60s — and most of them were very good fights. What emerges are vivid portraits of the larger-than-life characters (especially the late, great Jess Unruh), who shaped most of what happened in California during the formative years of many who now find themselves in power. (As a high school student in Speaker Unruh's district (Inglewood) during those years, I followed his career with interest — and pride.)

Anyone who wants to understand power and the powerful in Sacramento — then and now — will find "A Disorderly House" to be essential reading.

Sandra Risdon
Los Angeles

Cowboy clarification

In your December issue ["Election 2000 roundup"], you mentioned "cowboy Congresssman Richard Pombo." I would point out that Richard Pombo wears a cowboy hat. There's a difference.

Roy Christman
Fairfax

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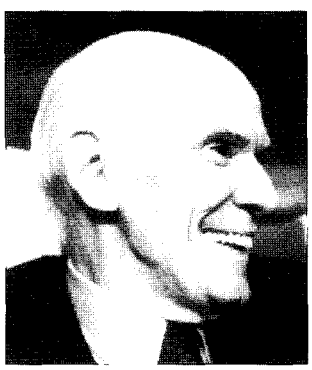
Alan Cranston: The human side

by Susan Rasky

The obituaries for former Senator Alan Cranston made prominent mention of the Keating Five savings and loan scandal that led to his 1992 retirement. Such is the nature, maybe even the duty, of journalism.

But the obits were striking for another reason, an extraordinary lack of anecdotes or remembrances from Cranston's friends and contemporaries. Accounts of his life were cold and distant, revealing little more than the public record of a man at the center of California politics for 45 years.

I knew Cranston the way most reporters covering Capitol Hill for non-California media did in the 1970s and 1980s — as a source on arms control policy and military budget numbers and as a usually reliable nose-counter of Senate votes. I owe several front page exclusives to Cranston because he was willing to confirm material I'd picked up elsewhere. To be candid, he never seemed to have any idea who I was. Nor, it appeared, did he care. He was an equal opportunity leaker, and I always thought that spoke well of him.



Alan Cranston 1914-2000

When Mikhail Gorbachev made his first U.S. visit, Cranston was one of a handful of senators invited to a closed meeting. Afterward, a few senators showed up in the press gallery to offer tidbits on the historic visit. It was pretty thin gruel. Then Cranston spoke, flipping through his yellow legal pad and reading from detailed notes. There were precise quotes and vivid descriptions of who sat where and who said what to whom. Color, substance, impressions, analysis — it was stunning stuff and probably the most revealing thing I'd seen him do. On the theory that he deserved better than the flat recitations he got in the obits, herewith a small sampling of the private man from people who were close to him over the course of his long career.

Joe Wyatt, parliamentarian for the state Democratic Party, hooked up with Cranston in 1953 as the California Democratic Council was being formed. He remembers that as a newlywed he invited Cranston over for a home-cooked breakfast. Mrs. Wyatt was preparing scrambled eggs and bacon, and as she started to drain the bacon on a paper towel, Cranston reached over to stop her. "Here he was, this star athlete," Wyatt chuckled, "and I can see him there in our little cottage, telling her not to bother, just scramble the eggs in the bacon grease and serve it all up, right from the frying pan."

Irwin Nebron, a retired Los Angeles County Superior Court judge, was chief deputy controller for most of Cranston's 1959-1967 tenure as state controller. The two men and their families became close. Nebron also became Cranston's neighbor in a largely rural community in northeast Sacramento. Cranston's home was known as "the farm," because of the pigs, chickens and ducks that had free run of the place. In service beyond the call of duty, Nebron had a role every Halloween when the Cranstons turned their home into a haunted house. "I had to get into the bathtub filled with water, with all my clothes on," he said. "Alan's kids would then escort the rest of the children into the bathroom, and I would slowly arise as a dead body coming to life. Alan and his wife, Geneva, orchestrated the entire thing."

Kam Kuwata had to sort out a style problem during the 1986 Senate campaign, when Cranston's popularity rating was sinking following an ill-conceived run for the presidency in 1984. "He had no fashion sense at all, and I remember we took him to a fancy men's store in Beverly Hills to get him a campaign wardrobe," said Kuwata, who is now a private campaign consultant. "The idea was to get him a couple of suits, a couple of blue shirts and a couple of red ties, nothing he would ever have to worry about mixing and matching." The fashion expedition nearly went awry when a pair of red-and-white-checkered pants caught the senator's eye. "I'm telling you, these pants looked like a tablecloth at an Italian restaurant," Kuwata said. "But he kept insisting he wanted to try them on."

Roy Greenaway, Cranston's chief of staff, says the late senator was an almost pathological fan of the comics. "Alan went crazy when the *Los Angeles Times* announced that it was planning to cancel 'Marmaduke.' He wrote them a letter, and the comic strip stayed." Cranston, who in addition to journalism dabbled in playwriting before getting into in politics, had wanted as a child to be a cartoonist.

Lou Haas, who joined Cranston's staff during his 1968 Senate campaign, says Cranston viewed campaigning as an intellectual exercise, not a chance to charm voters. "If you wanted a reflection, you had to drag it out of him. People liked Alan because he wasn't a phony," Haas said.

Contributing Editor Susan Rasky teaches journalism at the University of California, Berkeley, Graduate School of Journalism. Comments may be sent to **edit@statenet.com**.

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Surviving the Republican train wreck

There are those who thought that the 1998 election was the Republican Party's worst calamity. That was premature — 2000 proved far worse. As a result, some believe the GOP may be in danger of becoming a permanent minority party in California. But state Republican leaders – bolstered by George W. Bush's presidency – aren't about to throw in the towel.

By Lou Cannon and A.G. Block

Only yesterday, or so it seems, California was Reagan Country, a secure bastion for the Republican Party in national and statewide elections. Beginning in 1952, Republican presidential candidates carried California in nine of 10 presidential elections. During this period only two Democrats, both named "Brown," won the governorship. In 1966, with the election of Ronald Reagan, California became the first of the nation's populous, industrial states to elect an avowed Republican conservative as governor. Reagan later won two terms as president, carrying California handily in the process.

Now, Republicans have their backs against the canvas, and

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Illustration by Sandra Hoover

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many believe they are down for the count. Republicans first lost their grip in 1992 when Democratic presidential candidate Bill Clinton won California's electoral votes with an assist from Ross Perot. Californians voted overwhelmingly Democrat in two succeeding presidential elections and in 1998 made Democrat Gray Davis governor in a landslide. Only two Republicans won statewide office in 1998, and only one survives today — Secretary of State Bill Jones.

Republican woes deepened last November with the loss of four House seats, leaving Democrats with a 32-20 margin in the state congressional delegation. That outcome is rendered even more ominous by the fact that three of those seats were held by GOP incumbents seeking re-election. In addition, Democrat Dianne Feinstein was easily re-elected to the U.S. Senate, California's other senator is Democrat Barbara Boxer. Statewide GOP registration has slumped to an all-time low of 35 percent.

More significant to the Republican Party's immediate future, Democrats now hold lopsided margins of 50-29 in the state Assembly and 25-14 in the state Senate, allowing them to dictate the terms of the reapportionment that will occur this year on the basis of the 2000 census. That process likely will create at least three and perhaps as many as five new House districts in which Democrats will have the advantage — a situation fraught with national implications as Republicans and Democrats struggle for control of a Congress split nearly evenly between the two parties.

This sea change in the GOP's political fortunes has prompted an agonizing reappraisal among California Republicans.

This sea change in the GOP's political fortunes has prompted an agonizing reappraisal among California Republicans. Mild-mannered Representative David Dreier (R-San Dimas), a member of the House GOP leadership, bluntly told Karl Rove, President George W. Bush's top political operative, that he wanted the new president to become "the Republican Party chairman in California," by which he meant that Bush should take the lead in state party-building and fund-raising. It is a notion shared — and expressed — by many Republicans these days. Without Bush in the White House, California Republicans would have no drawing card at all.

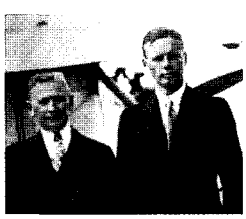
Meanwhile, the upcoming selection of a new party chairman has become symbolic of the GOP's discontent. Normally the vice chairman, conservative Shawn Steel, an attorney from Rolling Hills, would automatically become the party's leader when the GOP holds its convention February 25 in Sacramento. But Steel has been sharply challenged for the post by moderate Brooks Firestone, a wealthy Santa Barbara vintner and former assemblyman who has made it clear that he thinks the GOP is doomed in California unless it sheds its fetters to the Religious Right and becomes as pragmatic as it was in its glory days under Reagan. "We have to change if we are to take advantage of the openings provided by Bush's election," Firestone said in an interview.

For his part, Steel has distanced himself from the Religious Right and disputes Firestone's contentions that it controls the party and that the GOP has drifted too far to the right. Steel maintains that the party already is changing and needs to continue following the model of "compassionate conservatism" set by Bush. To Steel, that means Republicans must pay attention to the urban poor and inner cities, as well as to their traditional base in the suburbs and rural areas. "A party will atrophy if it doesn't change," he said.

The outcome of the chairmanship fight was in flux when *California Journal* went to press. The race be-

California's Grand Old Party

1862
California's first Republican governor, Leland Stanford, is elected.



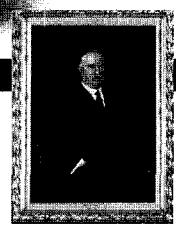
C.C. Young (elected 1926), left, with Charles Lindbergh, right.

1887-1959
With the exception of two one-term Democratic governors, James H. Budd and Culbert L. Olson, Republicans rule the gubernatorial roost.

James Gillette (elected 1906)

Hiram Johnson (elected 1910)

George Pardee (elected 1902)



Friend William Richardson (elected 1922)

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tween Firestone and Steel seemed so close that GOP leaders were concerned that the party would be more divided than ever if one side prevailed by a narrow margin. This impelled party leaders — among them Dreier, state Senate GOP leader James Brulte (R-Rancho Cucamonga) and influential financial contributors — to seek a compromise. They first tried, without success, to entice defeated Congressman James Rogan (R-Glendale) to become executive director of the GOP, who would serve with Firestone (a Rogan friend) as chairman. Rogan wasn't interested, which sent GOP leaders back to the drawing board.

Los Angeles Mayor Richard Riordan, who sees himself as a practical problem-solver, called Firestone, Steel and other GOP leaders together in hopes of finding a compromise. Other meetings were held among Republican legislative and congressional members and GOP donors, many of them with strong ties to the incoming Bush administration, also with the hope of achieving a consensus. Whatever the result of those meetings, they show that GOP officeholders, who typically stay above the fray of struggles over the party machinery, are deeply concerned about the decline of the Republican Party in California, its one-time stronghold.

If one were to pick a single day that marked the beginning of the decline of the Republican Party, it might well be December 25, 1991.

The road to nowhere

To understand the direction in which Republicans may be headed requires a look at where they've been. If one were to pick a single day that marked the beginning of the decline of the Republican Party, it might well be December 25, 1991, the Christmas Day when the Soviet Union passed into history. With it died the Cold War, a unifying cause since World War II. "The Republican Party has never recovered from losing communism as an issue," observes the venerable Stuart K. Spencer, a political adviser to Reagan, Gerald Ford and other GOP leaders.

The passing of anti-communism provided a double whammy for this state's Republicans. Not only did it eliminate a unifying issue, which hurt Republicans across the country, but it was accompanied by an accelerated military downsizing that had a particular bite in California, which had long benefited from a disproportionate share of the defense budget. Thus, not only was the issue gone, but so, too, were Republican voters — aerospace workers and retirees — who began an exodus to neighboring states.

In California, even before the Cold War ended, aerospace plants engaged in massive layoffs that sent unemployment rippling throughout the economy and collapsed the real estate boom. By November 1992, economic conditions in Los Angeles County were worse than at any time since the Great Depression. Politically, this transferred into a rejection of President George Bush, if not quite full acceptance of Clinton. Perot received 24 percent of the vote in Southern California — his best showing in any major metropolitan region — and Clinton carried California.

The souring of the Southern California economy in 1992 coincided with social upheavals, most notably the deadly Los Angeles riots that raised racial tensions and fear of crime. Many thousands of middle-class whites, many of them the so-called Reagan Democrats, responded to recession and riots by fleeing to nearby Arizona,

Goodwin Knight (elected 1954) with publisher William Randolph Hearst

GOP hits an all-time high in the state Senate with 29 members.

1953

Earl Warren (elected 1942) at his childhood home in Los Angeles.

1955

GOP reaches an all-time high in the state Assembly with 48 seats (also in 1947).

GOP plummets to an all-time low in the state Senate, retaining just 10 seats.

1961

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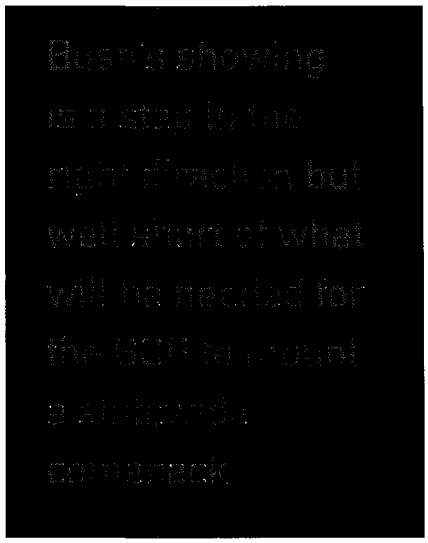
Nevada and Oregon. As a result, these states became more Republican than before; fast-growing Nevada now has a Republican plurality for the first time in its history.

Pete Wilson and 187

The next chapter in California's Republican decline came in 1994 and also was partly triggered by economic conditions. Pete Wilson, a former San Diego mayor and U.S. senator, had been elected governor in 1990. He spent his first term dealing with California's economic slump, skillfully blending spending cuts and tax hikes to balance the state budget. But when he ran for re-election in 1994, the anti-immigration sentiment that typically emerges in California during hard times was at its height, and Wilson — facing an uncertain re-election against Democrat Kathleen Brown — embraced Proposition 187, an emotionally charged initiative aimed at denying education and medical services to illegal immigrants. Many Latinos opposed it as discriminatory. Wilson's point was driven home by inflammatory television commercials, which showed Mexicans pouring across the border to a soundtrack of ominous music and a warning: "They keep coming."

Proposition 187 passed and helped Wilson inflict a crushing defeat on Brown, who opposed it. But it was a Pyrrhic victory for Republicans because



it badly tarnished their image among the state's fast-growing Latino community and accomplished what Latino activists had been unable to do on their own. Frightened and enraged by the passage of 187, Latinos registered to vote in record numbers. Many of these new registrants were younger, more liberal, and more likely to vote Democratic than were their parents. Reagan had received about 40 percent of a much smaller Latino electorate in his contests for governor and president, and Wilson also had done relatively well among Latinos in earlier races. But many Latinos left the GOP in the wake of Proposition 187, largely because they felt that Republicans had abandoned them. In 1996, presidential candidate Bob Dole received only 22 percent of the Latino vote; two years later GOP gubernatorial candidate Dan Lungren won only 18 percent. In the 2000 race, George W. Bush's 29 percent of the Latino vote in California marked an improvement but still fell far below his record in Texas, where he draws nearly 50 percent. For Republicans, Bush's showing is a step in the right direction but well short of what will be needed mount a statewide comeback. Latinos, 14 percent of the electorate in 2000, are projected to be a majority of the population in California by mid-century.

Other trends in the last half of the 1990s also favored Democrats and hurt Republicans in California. Of these, two of the more important were the Democratic Party's shift to the center under Clinton and its pre-emption of such traditional GOP issues as crime and welfare. Gray Davis, an admirer of Clinton, copied his centrism by stressing such issues as his support for the death penalty, prompting Republican state Senate leader Brulte to call him "Clinton without the scandals."

Meanwhile, a cultural shift occurred in California as employees of small businesses and high-tech companies replaced aerospace workers on the voting rolls. These voters are often libertarian in their attitudes, favoring abortion rights and tolerant of alternative lifestyles. "Stanford won the economic battle, and Hollywood won the cultural battle," said Frank Luntz,

1966
Ronald Reagan rides the Republican banner into the state Capitol, ultimately sandwiched in history between two Democratic governors named Brown.

The last time Republicans controlled both houses of the state Legislature.

1969

Assembly Republicans slide to an all-time low, holding just 23 seats.

1977

1982
After eight years of Democrat Jerry Brown, the GOP scores a gubernatorial comeback with the no-nonsense George Deukmejian, beginning a 16-year stint of Republican governors. California also elects GOP moderate Pete Wilson to the U.S. Senate.

The last year the GOP carried California in a presidential contest, giving George Bush a 3 percent victory over Michael Dukakis.

1988

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a GOP pollster turned NBC news analyst, in a reference to the conservative economic policies associated with the Stanford-based Hoover Institution, whose alumni are well represented on President Bush's new team. "This trend is accelerating," said Luntz, who believes that Republicans will be unable to achieve a revival in California unless they abandon conservative positions on social issues.

Political demographer Michael Barone has charted a nationwide shift during the Clinton years that he believes also is culturally based. In Clinton's two campaigns (and to a large degree in Al Gore's) Democrats improved their share of the vote in urban areas while Republicans did better in rural areas, a finding that prompted conservative analyst Kate O'Beirne to label 2000 "the zip-code election." Suburban and fringe areas have remained up for grabs. This pattern helps Republicans in states such as Ohio (carried by Bush in 2000) but hurts in California, where the populations of metropolitan Southern California and the San Francisco Bay area far outweigh the more rural/suburban Central Valley and Inland Empire. Bush carried most of the latter while Gore won by huge margins on the coast. Bush's statewide 12 percentage-point loss roughly reflects the population difference of these two regions.

> Even if the Republican message is clear, Californians are skeptical when a Republican delivers it.
> — GOP consultant Ray McNally

"California is really two states: inland and the coast," observes political analyst Dan Schnur. And while the inland regions are growing more swiftly in percentage terms, it will be decades before the two populations equalize.

That's why, when asked how California Republicans can stage a comeback, demographer Barone's facetious answer is: "Annex Idaho and everything in between."

Disunity and a "message"

Demographics aside, some Republicans see a glimmer of hope in the 2000 election. Dreier, who serves as chairman of the House Rules Committee and is one of his party's brighter lights in Congress, believes that California Republicans demonstrated greater unity and delivered a clearer message than in past elections. As defined by Dreier, this message leaves considerable running room. "I'm a Republican because I believe in a free economy, limited government, a strong defense and personal freedom," he said.

Even if the Republican message is clear, Californians are skeptical when a Republican delivers it, said Sacramento political consultant Ray McNally. He cites research showing that a majority of Californians agree with GOP economic and education policies when they are defined in generic terms. But when the same policies are identified as Republican positions, the majority disagrees.

McNally believes that Republicans need to dig their core issues "out from under the rubble" where they have been buried by divisive debates over abortion rights and gun control. He believes that Bush, who is pro-life, began this process by eliminating abortion as a litmus test and campaigning for such moderate, pro-choice Republicans as Steve Kuykendall, who narrowly lost his re-election to Democrat

GOP begins a slow spiral downward in voter registration, slipping from a high of 39 percent in 1990 to 35 percent in 2000.

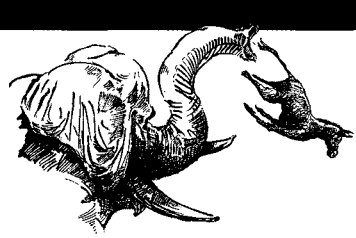
1990

1992

The last year that Republicans held a U.S. Senate seat, following Dianne Feinstein's November victory. The state's other U.S. Senate seat has belonged to Democrats since 1968.

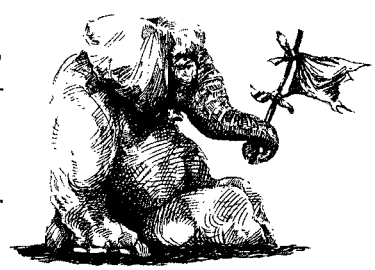
A watershed year, the GOP sweeps into office with a re-elected governor and four constitutional officers, plus wins an Assembly majority for the first time in 20 years.

1994



1998

GOP loses five Assembly seats, a key state Senate district, all but two statewide posts, as well as the gubernatorial race by a landslide.



Only one statewide office is held by a Republican: Secretary of State Bill Jones.

2000

Sources: California Political Almanac, Secretary of State's Office, state Senate Secretary's office.

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Jane Harman in the 36th Congressional District in coastal Los Angeles County.

Bush's tolerance aside, what happened in this close and expensive race is more illustrative of the divisions within the California GOP than its unity. Kuykendall, who lost by less than 4,000 votes, was hammered on the final weekend of the campaign by a mailer sent to all Republicans in the district, describing Kuykendall as a "pro-abortion extremist" who joined with Clinton and liberal Democrats to make infanticide legal. The mailer urged a write-in vote for Dr. Will Davies, described as a "true Republican." While Davies received only a few hundred votes, the mailer may have hurt GOP turnout or boosted the votes of Libertarian and Reform candidates, who together received more than 8,000 votes in the district.

Firestone, who was once Kuykendall's seatmate in the Assembly, sees such episodes as emblematic of the "fratricide" that the GOP needs to cure if it is to stage a comeback. Firestone himself was a victim of the tendency of some party conservatives to fight more fiercely against moderates of their own party than against Democrats. In 1998, the pro-choice Firestone was upset in the GOP primary for the 22nd Congressional District by conservative Tom Bordonaro, a fellow member of the Assembly. Bordonaro won a savage Republican primary but in the process became so identified as an extreme right-winger that he was defeated easily by Democrat Lois Capps in the general election.

How to come back

Among others, Firestone insists that Republicans must stop going to war with each other over social issues. "Principles unite, issues divide," he has said repeatedly, a view echoed by Brulte and others. Candidates should decide the issues on which they run, Firestone says, while the party's job is to finance them and recruit candidates. It is a nuts-and-bolts view of politics that prevailed in California during the Reagan years when Gaylord Parkinson, the party chairman, promulgated what he called the 11th commandment: "Thou shall not speak ill of any Republican."

The GOP must convince voters that it stands for something more than a better solution to the energy crisis or a marginal reduction in the car tax.

No matter who becomes party chairman, it is likely that the Republican Party will attempt to copy Democrats by professionalizing their organization with a full-time, well-paid executive secretary. That change is anticipated by not only Firestone and Steel, but by every Republican interviewed for this article.

Firestone, however, said that ideology also matters and can't entirely be separated from the quest to professionalize the party. "...merely saying we need a professional executive secretary doesn't solve the problem," said Firestone. "The question is who is going to be on the board of directors that hires this person." It is Firestone's view that unless the party chairman and other members of the leadership are perceived as capable and mainstream, the GOP will find it increasingly difficult to raise money from wealthy donors in the business community.

Steel does not dispute the notion that party leadership must be seen as capable. But he doesn't worry about what he calls "some lunatic" nabbing the top professional job. "The party is controlled by legislators and members of Congress," he said. "They are mainstream" and won't allow the party apparatus to be used for some ideological crusade.

Even if California Republicans succeed in overhauling their party to

make it more professional, they are unlikely to rebound unless they can find an issue that resonates with broad numbers of voters and a candidate to carry that message. "I don't see any such issue on the horizon, but issues come along," said Spencer. "So do candidates. No one saw Ronald Reagan coming two or three years into the [Pat] Brown administration."

As far as issues are concerned, 24 hours can be a long time in the life of a politician. Gray Davis, for instance, sailed along with remarkably high approval ratings for two years, then saw his poll ratings drop during the current energy crisis. If soaring utility bills or worse — a sharp economic slump that includes layoffs and higher unemployment — sour the political climate in 2002, Davis and the Democrats could find themselves on the defensive.

That scenario could furnish Republicans with an immediate opportunity, but it may not be enough to provide more than another Pyrrhic victory. Analysts such as Schnur believe that to become viable in the long term, the GOP must convince voters that it stands for something more than a better solution to the energy crisis or a marginal reduction in the car tax. Republicans must, Schnur insists, find an issue of national purpose "larger than themselves" to arouse occasional and independent voters. Because of its past support for Proposition 187, anti-abortion crusades and anti-affirmative action measures (Proposition 209), the Republican Party often is seen as flint-hearted. To counter that image, Republicans must begin to appeal to what the first Republican president, Abraham Lincoln, called the "better angels of our nature." Reagan did it in 1980 by calling for a revitalization of American purpose at a time when the

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nation had been pummeled by two decades of assassination, the Vietnam War, Watergate, recession and the Iranian hostage crisis.

The messenger

Candidates, more than issues, are usually the key to political victory in California. Many Republicans who once yearned for "another Reagan" would now gladly settle for another George Deukmejian, the GOP governor of the 1980s. Deukmejian advanced to the governorship from the attorney general's office, which was also the steppingstone for such accomplished governors as Earl Warren and Pat Brown. But this office is now in Democratic hands. The only Republican with a statewide office is Jones, who is as unassuming as his name. He's not considered a colorful candidate, but neither were Deukmejian or Davis. Two years before the 2000 election, Davis was widely seen as a distant long shot.

Another traditional source of candidates is local government, a nonpartisan steppingstone for Wilson, among others. But Democrats hold most of the big mayoralties in California, with the exceptions of Los Angeles and San Diego, where Dick Murphy recently was elected mayor. But Murphy is considered too new and too untested to be a statewide possibility at this point

The state's best-known Republican mayor is Richard Riordan of Los Angeles, but he is being forced into retirement by term limits. Riordan toyed with running for governor in 1998 but now, at 71, says he has put aside any thoughts of being a candidate and will devote himself to improving education in Los Angeles.

Even so Riordan hasn't turned his back on the party. In his view, Republicans have to focus on issues that matter to most people: education, crime-free neighborhoods, reducing drug use, jobs and tax burdens. "Republicans should put ideology aside and focus on issues of consequence," Riordan said. "They have to help the poor by giving them the tools to compete. Republicans need to talk about helping the poor."

> The Republican Party in California is unlikely to be saved by a quick fix from a glamorous candidate.

With barely a third of the registered vote, any statewide Republican candidate will need support from independents and Democrats to win and, as Jones put it, "crossovers are candidate-driven." The Supreme Court declared California's blanket primary unconstitutional, but both parties have indicated they will change their rules and allow voters who decline to state a partisan preference to participate in their primaries. In other states the participation of independents in primaries has often made parties more centrist.

The other priority — often, the first priority — for candidates is money. Proposition 34, passed by voters in 2000, imposes new limits on personal contributions and will, as Brulte sees it, diminish the number of middle-class candidates and encourage wealthy, self-funded persons to run for office. But at this point, no such candidate has emerged, perhaps because Republican prospects in the near future seem so dim. Among the possibilities in the self-funded category are two venture capitalists, Tim Draper of Silicon Valley and William Simon Jr. of Santa Monica, son of the late U.S. Treasury secretary. But Simon lacks political experience, and Draper's sponsorship of school vouchers (Proposition 38 on the 2000 ballot) was a spectacular failure. Another name that has been mentioned as a prospective candidate is actor Arnold Schwarzenneger, who also lacks experience.

Practical politicians recognize that the Republican Party in California is unlikely to be saved by a quick fix from a glamorous candidate. "Republicans have to remember that their party didn't get in the shape it's in overnight, and we won't get out overnight either," said GOP adviser Spencer. "We have to take a few steps at a time—work on issues that unite [and] stay with the Latinos.... Remember, things always turn around in politics."

Lou Cannon has covered politics for four decades and served as White House correspondent for The Washington Post *during the Reagan administration. He is the author of numerous books, including "Reagan: The Role of a Lifetime" and "Official Negligence: How the Rodney King Riots Changed Los Angeles and the LAPD."*

A.G. Block has been with California Journal *since 1983 and served as its editor from 1995 to 2000. He also is co-editor of "The California Political Almanac."*

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letters

Latino candidate applauded

This letter is in regard to your December 2000 issue in which you offered a brief summary of every congressional, state Senate and Assembly race in California. I would like to inform you that in your description of the 51st Assembly District, you incorrectly stated that in the March primary "all the primary contenders were Inglewood city officials." This was not the case at all.

One of the primary candidates was Mr. Trini Jimenez, a Lennox school board member. Mr. Jimenez was a third-year law student at the UCLA School of Law when he ran for Assembly this past March. At only 28 years of age when he ran in the primary, Mr. Jimenez was by many accounts the most dynamic, articulate and overall best candidate in the crowded field for the 51st Assembly District primary.

I have spoken with many of the local elected officials, business, and community leaders in the 51st Assembly District since the primary and there is a general feeling that it is only a matter of time before Mr. Trini Jimenez represents our community in a legislative capacity, either at the state or federal level. Given that since the March primary Mr. Jimenez has graduated from the UCLA School of Law, passed the bar exam on his first try, and has begun a promising legal career as an attorney at a prestigious Los Angeles law firm, I would most certainly agree with that prediction.

Candy Saenz, Executive Director
South Bay Latino Chamber of Commerce
Los Angeles

Folsom Prison blues

The article "Dreaming of a (prison) blue Christmas" in your [December 2000] issue contains errors.

The article quotes a prisoner as saying the Folsom Prison handicraft program is being phased out along with the prison store, which sells inmate-made art and crafts to the public. There are no such plans.

Most California prisons have similar programs and their stores are open to the public most days of the year. Sales from the stores provide inmates with income and the handicraft program is an outlet for their creative energies.

The article goes on to criticize the governor, saying that the decision to close the program and store is "another sign of Governor Gray Davis' tough-on-criminals crusade."

Had your writer bothered to check with the information officer at Folsom Prison, he/she would have been told that the inmate's information was bogus and the *Journal*'s criticism of the governor was irresponsible.

Stephen Green
Assistant Secretary, External Affairs
Youth and Adult Correctional Agency

'Infecting' is offensive

As a Democratic political consultant and a Latino, I am offended by Ms. [Sherry Bebitch] Jeffe's use of the term "infecting" when speaking of the growing Democratic/diverse/Latino voter blocks taking place in large portions of Los Angeles County ["Southern Exposure," December 2000].

While Ms. Jeffe is clearly insightful in recognizing the broad political trends that are more appropriately stated as effecting Los Angeles County, her use of the term infecting is just as clearly offensive.

The visual image of a political wound that has been attacked by some sort of ethnic bacteria is by no means acceptable language nor should it be appropriate for a publication as well respected and influential as the *California Journal* to have printed as fact or commentary.

Far from infecting the California political body, Latinos are bringing new life to that body and affecting positive and progressive change for a state. I offer as proof three pieces of landmark legislation that are now law in California:

- The ban on cheap Saturday Night Special handguns by state Senator Richard Polanco [D-Los Angeles];
- The protection of older workers from age discrimination by Senator Martha Escutia [D-Huntington Park].
- The ban on so-called drive-by deliveries at HMOs by Senator Liz Figueroa [D-Fremont].

There are, indeed, far too many for this short commentary to list. But one thing is clear that, far from infecting, Latinos are reinvigorating California politics and Ms. Jeffe, much like the Republicans she chastises in her article, is simply out of touch with the New California.

An apology is in order.

Leo Briones
Los Angeles

Editor's Note: *The exact text referred to in Sherry Bebitch Jeffe's column ran as follows: "It appears that the 'big D' Democratizing going on in the [Congressman James] Rogan area is also infecting other enclaves in Los Angeles County. In neigh-*

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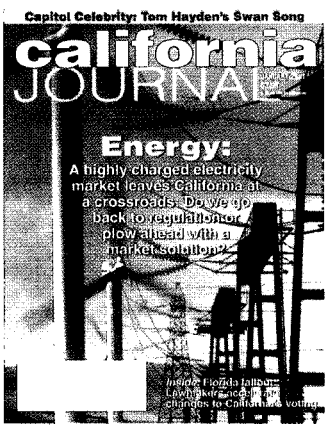
boring 28th Congressional District, represented by Republican David Dreier, Latinos now count for almost one out of five voters."

It's not a political game

A reasonable standard of journalism usually suggests that you talk to someone who knows something about the issue you're writing about.

Clearly, you have no such standards with regard to the unsigned speculation about AB 2412 (Migden and Aroner) ["Upfront," November 2000], the sales tax nexus bill sponsored by the Northern California Independent Booksellers Association and vetoed by the governor.

Your theorizing that the bill was a setup by the governor would be laughable if it was not so insulting to the months of hard work done by many people — legislators, staff, business people, legal experts, etc. — who took a thorny issue and developed workable policy and strategy to bring the issue to some measure of success, although not a final signature. Your entirely concocted and demonstrably false theory shows that your purportedly knowledgeable "journal" is apparently clueless with regard to something so basic as what it means to work an issue in the Capitol.


Capitol Celebrity: Tom Hayden's Swan Song
california
JOURNAL
Energy:
A highly charged electricity market leaves California at a crossroads. Do we go back to regulation or plow ahead with a market solution?

Treating hard substantive work on policy as just another conspiratorial political game provides sustenance only to those who believe there's nothing worth doing in politics, and that issues don't matter. Apparently your rag takes that view.

Lenny Goldberg
Lenny Goldberg and Associates
Sacramento

Fallout from Florida

Just finished reading your article on the election in the current issue ["The Florida Backlash," December 2000]. It is an extremely informative, objective and positive perspective. Thank you for your attention to detail [and] thank you for great reading!

Mischelle Townsend
Riverside County Registrar

I just read the article "The Florida Backlash" [December 2000]. It's a great piece!

[Contra Costa County] had a close state senatorial race in November 1996. Based on that race and my observations on absentee ballot and provisional ballot rejection rates, I initiated a program to correct or lessen rejected ballots by educating voters. In 1996, our absentee ballot rejection rate was 3.88 percent or about 39 voters per 1,000. By last November, we had reduced that rejection rate to 1.29 percent, or about 13 per 1,000.

I have proposed that California election officials implement a similar education program, instead of an after-the-fact notification program for rejected absentee voter ballots as proposed by Secretary of State Bill Jones.

Steve Weir
Clerk/Recorder, Contra Costa County
Secretary, California Association of Clerks and Election Officials

I'm surprised you didn't cover the most important aspect: preference voting, such as Proportional Representation (PR) and Instant Run-off Voting (IRV).

As you are probably aware, PR and IRV allow voters to rank the candidates in order of a first choice, second choice, third choice, etc. Then, if no candidate gets a majority of the votes the candidate with the least votes is eliminated. The ballots for the remaining candidates are counted again. This process is repeated until one candidate achieves a majority. A primary benefit is that no one is elected who wasn't chosen by a majority of the voters on at least at some level. Mathematically, this process is much more representative than our present system of plurality voting.

Regarding the issue of having a paper trail: The suggestion of giving voters a receipt, like one from an ATM machine, is a better solution but, in your article, Kim Alexander of the California Voting Foundation feels that issuing receipts would allow for vote swapping and selling. What does Ms. Alexander contend keeps our present absentee voters from showing their ballots to others or making photocopies as their own "receipts"? My point is that to keep the ballots absolutely secret would require elimination of absentee voting.

The best of all possible worlds would be electronic voting that would produce both a paper ballot *and* an encoded receipt. Later, if there is another "Florida," where voters are arguing their votes weren't counted, those voters could verify that their ballots were counted.

Perhaps your readers can look forward to future articles on more representative voting methods and more sophisticated voting equipment?

Edward M. Teyssier
Vice Chair, San Diego Libertarian Party
San Diego Chapter, Californians for Proportional Representation

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Two years ago, they
Today they're

Shortly after winning their first Assembly election in 1998, we invited two newly minted legislators – Democrat Darrell Steinberg and Republican Charlene Zettel – to share their expectations of life in the Legislature.

"No amount of combined experience could have completely prepared me for the business of writing laws in California."

By Charlene Zettel

In today's era of term limits, easing into an elected post is no longer an option. New members must be able to absorb the institution of the state Capitol as a life form unto itself while quickly gaining expertise on a wide variety of issues. I came to Sacramento with experience as a businesswoman, a dental hygienist, a PTA president and a member of the Poway Unified School District Board of Education. I quickly learned, however, that no amount of combined experiences could have completely prepared me for the business of writing laws in California. To be able to make informed decisions on

Continued page 43

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were rookie legislators. seasoned veterans.

Now, older and presumably wiser as they embark on their second legislative term, we've invited them back to share the lessons they've learned as Capitol insiders. Freshman lawmakers, take note.

"Nothing is more important than figuring out early where you want to make a difference."

By Darrell Steinberg

In the 1st Century B.C., Roman writer Publilius Syrus opined, "Many receive advice, few profit from it." But despite Syrus' warning, and with only two years in the Legislature qualifying me as a grizzled veteran, I offer some pearls of my own to the incoming class of legislators. Here are the three most important things I learned from my first term as a member of the California State Assembly: Focus early, don't forget the basics that got you here, and be open to unexpected opportunities.

First, nothing is more important than figuring out early where you want to make a difference.

Continued next page

Illustrations by Sandra Hoover

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Term limits have made the need for early focus more important than ever. Term limits also have made life as a legislator both harder and easier. Harder because there is no time to settle into the job. Just when you begin to hit your stride, out you go. Yet, term limits also allow a new member to pick one or two issues in need of attention and get to work: No seniority, no waiting for important committee assignments or chairmanships.

"Although I only promised three pieces of advice, a fourth is a must: Do not chew gum during Assembly Appropriations Committee hearings."

For example, on December 7, 1999, I was sworn in. On January 1, I found myself chair of the Labor Committee and, soon thereafter, the author of two complicated, controversial bills reforming worker safety and sweatshop laws. The ultimate in on-the-job training.

Yet it's not easy to waltz in and immediately impact the hottest issue of the day. The key is to pick important issues that need attention, but haven't yet risen to the top of the political charts. My first year, HMO reform was hot. Members were scrambling to author the big bills. But it's hard to arrive in the middle of the game when veteran members have staked out turf. You can always add your name as a co-author, but is that where you want to put your time and passion?

My six years on the Sacramento City Council brought the plight of the homeless mentally ill — their suffering and the impact it had on communities — to my attention. As a result, I chose to focus on mental health. The system had been ignored by the state for a generation, and I had no idea whether meaningful change was even possible, but I was willing to try. I spoke to as many advocacy groups as possible. And I began connecting with other legislators, which leads me to my second piece of advice: The common sense adage that you succeed best by working with others applies doubly in the Legislature.

You need lots of allies to get a big bill passed. Before I was sworn in, a former member of the Assembly told me to introduce myself to senators. He said that new Assembly members rarely do so, but it would make a big difference.

With that in mind, I dropped in early on Senate Pro Tempore John Burton. He doesn't make advance appointments, so I caught him in his office and gave him my pitch on the mental health system. I also went in for a so-called "meet and greet" with California First Lady Sharon Davis and urged her to get involved. I went to Minority Leader Scott Baugh and asked him to be a joint author.

Those contacts paid off. Senator Burton pitched the governor, who said he would support it if his wife took the lead, and Minority Leader Baugh worked the other side of the aisle. The bill got out with only four "no" votes and was funded in the state budget. We didn't need rocket science or a brilliant strategy. It came down to pressing the case enough times with the right people. Dozens of vital, unattended issues need advocacy. Find your niche and get to work.

You can also take on controversial issues if you are genuinely open to working with all sides. It's amazing how often members will give you the benefit of the doubt on tough issues if you take the time — one-on-one — to talk with them first. Difficult, ideological differences are inevitable but many can be avoided or minimized by telling colleagues and others your true intent and genuinely listening to their input. My third piece of advice may seem contrary to the first: Be open to working in new areas. Being a team player on both policy and politics will take you a long way and open opportunities. When the speaker asks you to put your own legislative agenda aside to help tackle the uncharted waters of insurance oversight hearings, you do it. When a position needs to be filled on the State Allocation Board, say yes. Taking on unexpected tasks like these, though not in my area of expertise or initial interest, have provided me unforgettable experiences and new working relationships with some great people.

Although I only promised three pieces of advice, a fourth is a must: Do not chew gum during Assembly Appropriations Committee hearings. This point is so important, I will devote a full chapter to it in my upcoming book (as soon as I get word on the $8 million advance). But until the book comes out, trust me on this one.

Bottom line, the system can drive you crazy. The schedule constantly changes. The demands are great. But it all pales in comparison to the fact that serving as a member of the Assembly is a *great* job. It's incredible to have the opportunity and resources, even for a brief period, to influence the events of our time.

Darrell Steinberg, a former Sacramento City Council member, chaired the Assembly Labor and Employment Committee following his 1998 election to the 9th Assembly District. Comments may be sent to ***edit@statenet.com.***

Next month in the California Journal:

A.G Block on the coming historic reapportionment, Carl Cannon on how Washington D.C. views Gray Davis and Michael Doyle on how Bush administration policies will impact California.

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Charlene Zettel continued

behalf of your constituents and for the greater good of the state, every lawmaker must become an expert on everything from the electricity crisis in San Diego to the glassy-winged sharpshooter's impact on wineries in Napa Valley.

Fortunately, the state Capitol has a wealth of talented and committed people, from top legislators to staff. Unfortunately, time always seems to run short. And that's really one of the first lessons one has to learn, especially with term limits. Luckily that has never prevented me from attending every committee meeting and special hearing possible and responding to every question and concern brought to me by my constituents who have sent me to Sacramento to be their representative.

"Time always seems to run short. That's one of the first lessons" of term limits.

The state Capitol in the full swing of session is a sight to behold. Despite the whirlwind of daily activities, it can often be said that the Capitol is "calmest in the eye of the storm." It is amazing that a system that can seem so chaotic on a freshman legislator's first day can actually be efficient enough to allow lawmakers to get down to the business of making laws.

Being an effective legislator doesn't end with good time management. To be a successful legislator, it is critical to be an effective advocate. To do so, it is necessary to gather support from advocacy groups and individuals, to anticipate and to work with the opposition to the fullest extent possible and to work closely with colleagues to garner support. As you can imagine, this process can be extremely challenging and work-intensive, most particularly as a member of the minority party. My past experiences have taught me that being effective comes down to the traditional qualities of being a good communicator, having the ability to build a consensus and being able to compromise for a greater good while remaining true to your principles.

There is no better demonstration of the dynamics of this process than looking at specific legislation. I introduced Assembly Bill 2261 in order to help low-income, uninsured children get health insurance. This bill would give health plans, such as Health Net or Blue Cross, the ability to enroll children of low-income families into the Healthy Families Program. At the time, there were over 639,000 uninsured children eligible for the program. One reason these children were uninsured was the complicated rules that must be followed by families to gain and retain coverage. Moreover, in many instances, parents were simply unaware of their child's eligibility for this low-cost insurance option. I introduced AB 2261 to educate families and to get children health coverage.

The problem that this bill addressed was brought to my attention by a local health plan official in my district. In drafting the bill, my office worked with the local health plan, the Assembly Health Committee's Republican and Democratic consultants, the associations representing both private and public health plans in California, and the department that regulates health plan marketing activities.

Those who represent local clinics and those solely responsible for enrolling children into the Healthy Families Program opposed the bill. They did not want health plans participating in the enrollment process. But the fact remained: over 639,000 children were eligible but were not enrolled.

The bill was first referred to the Assembly Health Committee. When I learned that the committee chair opposed the bill, I knew I had an uphill battle. In order to build support for the legislation, I accepted a number of amendments that would narrow the bill's scope.

Fortunately, after almost two hours of debate, the bill was approved by the Health Committee on a 11-1 vote. It was a time when putting in that extra bit of hard work for an issue that I deeply believed in paid off.

As it turned out, the governor liked the concept so much that he adopted it into his budget bill. The good news is that health plans are now able to enroll children in the Healthy Families Program. The bad news is that my bill became a moot point and was shelved for the remainder of the session. But it was an important lesson learned by a freshman legislator and today I continue to feel satisfaction that the efforts of everyone involved have resulted in uninsured children getting health coverage.

Besides this important measure, I have had success through consensus-building on other issues, including school safety, public safety, education and transportation funding, as well as becoming the state's champion on elder abuse prevention.

Returning to Sacramento in 2001, I am a more confident and wiser representative for my constituents. I have been successful in passing 15 meaningful bills, although I do not intend to rest on any laurels. I am hopeful to assist this year's freshmen lawmakers get their collective bearings and to battle the overwhelming nature of the process and the place. But I realize that all legislators – new and returning – are on a steep learning curve in order to make sound public policy decisions for all Californians.

This is an exciting and promising time in the history of California. For the new freshman class, I would recommend adaptability, perseverance and keeping the communication lines open with your constituents. Although you're only one of 80, one hard-working legislator can make a difference!

Charlene Zettel, the Legislature's first Republican Latina, was elected to the 75th Assembly District in 1998 and served as the GOP's caucus chair during her first term. Comments may be sent to ***edit@statenet.com.***

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Bush vs. Davis: Heeding the economy

by Dana Wilkie

Three years from now, we suspect, California Governor Gray Davis will be roaming the country in hot pursuit of the Democratic presidential nomination. We expect President George W. Bush will be scouring our state for re-election money, having remembered first names and done that little jig thing, which will no doubt secure the affection of every California Republican who can write a check.

Just to make things interesting, let's imagine that while these top two political figures are trotting out their leadership credentials, the economy is as far in the toilet as it was this time a decade ago. While the entire nation suffered from the contracting economy back then, California suffered its worst recession in half a century. Even when the United States seemed to be emerging from the doldrums, California — thanks to massive economic and social changes — remained stuck in recession. Voters keenly remember the layoffs, budget deficits, tax increases, base closings, the aerospace demise and other calamities of the early 1990s.

Partisanship may matter less to California voters than which man protected them from another recession.

Now we have sluggish retail sales, diving technology stocks and tightening overseas oil supplies. If Californians are struggling with a recession in 2004, it may not matter to voters that Davis wanted kids to go to school longer, or that Bush had an oil-company-hugging Interior secretary who got on the wrong side of a few Alaskan caribou. They will be looking for sound economic leadership, no matter what its political stripe. There's something about lost jobs, less spending money and enormous energy bills that make partisanship look a little luxurious. Davis, who will have the home-court advantage in a state key to the presidential election, will not have the baggage of having taken office just as the economy went south. Instead, for the first half of his gubernatorial term, Davis reveled in the economic glory of the Clinton golden years. If a recession is on when Davis begins running in the presidential primaries, he can point to how well things were in California before you-know-who moved into the Oval office.

Davis has also taken leadership on the state's energy crisis, with plans that range from persuading Californians to conserve energy to seizing power plants. Foresight on this important piece of the economy will be a boost to him in 2004. But if the Legislature or the courts question his plans, the ultimate delay would be no help to his presidential prospects.

Bush, for his part, has two solid role models who inherited the economic slump of the early '90s, and who met with two different political fates. The first, his father, came to the White House just as the nation's economy began softening. The elder Bush watched this mushroom into a full-on recession that doomed his re-election in 1992.

The second, Pete Wilson, had not even turned the key in the governor's office when he was faced with the ominous signs of the state's economic collapse: California was $14.3 billion in the red, and it would be $10 billion in the hole the following year. Wilson signed a $7.5 billion tax increase, slashed welfare checks, swiped money from local governments, and led the charge to deny illegal aliens certain benefits to hold down costs for their medical care and schooling. It was a tough road for Wilson, one that prevented him from realizing many of his goals for the state and probably helped cripple his run for the 1996 GOP presidential nomination. His popularity ratings went south and, if Bush is not careful, he too could suffer from the perception that he and his GOP administration somehow aggravated the current economic slump.

Bush has some cards, though, that Wilson did not. He has an immediate plan for a $1.3-trillion tax cut that — while difficult in a closely divided Congress — could leave Bush looking like a regular visionary if successful. He wasted no time penciling out a new energy policy that includes drilling in Alaska's Arctic National Wildlife Refuge. Partisanship and environmentalism tend to take a back seat when voters are struggling with cold weather and high energy bills.

And Bush is said to be warming to traditionally Democratic ideas such as raising the minimum wage and investing in roads, infrastructure and airports to jumpstart the engine of economic growth.

If the economy of 2004 even resembles the tough times of a decade ago, partisanship may matter less to California voters than which man did the most to protect them from a '90s-type recession they'd just as soon forget.

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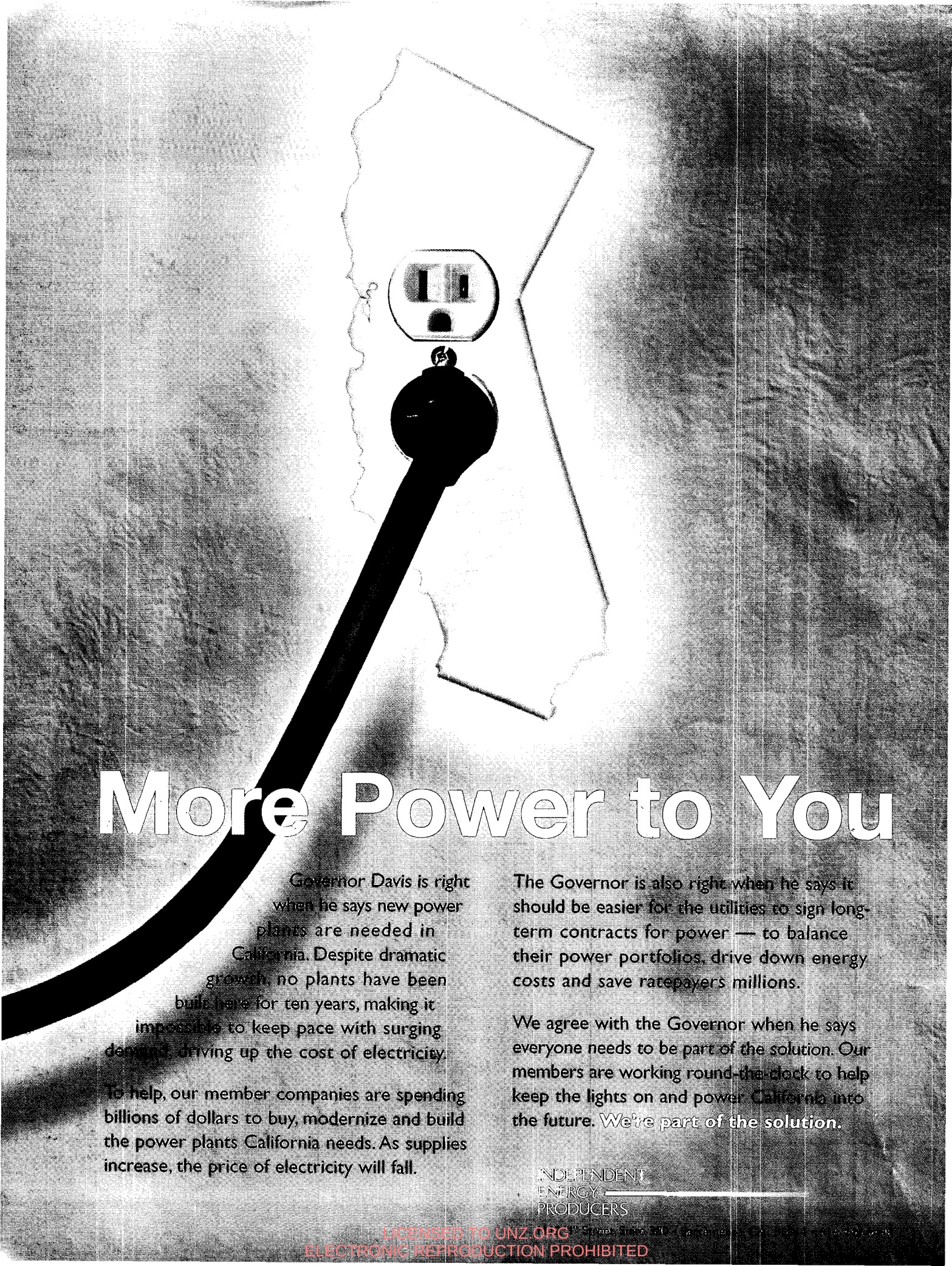

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